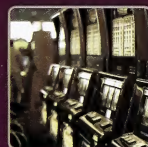


2010/2011

A N N U A L R E P O R T

Ensuring Gaming and Liquor
Sustainability for Alberta



AGLC

Alberta Gaming and
Liquor Commission

An Agent of the Government of Alberta

In all its activities,
the AGLC weighs social responsibility
with Albertans' right to personal choice
and the economic benefits generated by
liquor and gaming. Finding a balance
and acting with integrity is how we
achieve our goals and shape the gaming
and liquor businesses of the future.

Our VISION: Ensuring gaming and liquor sustainability for Alberta

Our MISSION: Providing and protecting Albertans' choices

We VALUE:

Foresight:	We are aware of and take a proactive approach to shifts in social, political, economic and environmental trends.
Accountability:	We hold ourselves accountable for our decisions.
Integrity:	We are open and transparent and act with impartiality to uphold the trust of all our stakeholders.
Respect:	We value our colleagues, stakeholders and Albertans and our shared responsibilities to society and the environment.

As a Crown commercial enterprise, we are an agent of the Government of Alberta and operate under the *Gaming and Liquor Act*.

Our role is to administer the *Gaming and Liquor Act*, Regulation and related policy. We are responsible for regulating Alberta's charitable gaming activities and conducting and managing provincial gaming activities. We also control the manufacture, importation, sale, purchase, possession, storage, transportation, use and consumption of liquor in Alberta.

The Solicitor General and Minister of Public Security is responsible for the *Gaming and Liquor Act*.

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Chairperson's Message

Alberta's economic climate continued to recover and this positively impacted liquor and gaming revenues. In 2010-11, I am pleased to report that \$683.5 million was provided to the province's General Revenue Fund while \$1.4 billion was provided to Alberta's Lottery Fund to support thousands of volunteer, public and community-based initiatives across Alberta.

A key priority in 2010-11 for the AGLC was a review of its current gaming technology. Albertans' expectations of gaming offerings are changing and the AGLC must keep abreast of the technology required to support these types of gaming activities. As a result, the AGLC is undertaking a gaming technology modernization project. The project is significant in scope and presents a challenge but the end result will provide Albertans with enhanced gaming choices and the opportunity to participate in the gaming activities they want in a socially responsible manner.

The Board recognizes that effective action is preceded by sound and thorough research. As such, the AGLC will continue the moratorium on new gaming facilities until an analysis of the socio-economic impact of gambling in Alberta is completed. During the past year, the AGLC conducted further analysis and research stemming from the MLA Advisory Committee's report on eligible organizations' access to and distribution of proceeds from licensed casino events. Thousands of charitable and religious groups and their communities benefit from casino gaming proceeds - as such, we must take the time to examine every option to find the right solution.

The 2010-11 year also brought changes to Board membership. In July 2010, the Board was pleased to welcome Bill Clark as its newest member. Mr. Clark holds extensive private and public sector experience in the fields of management and information systems. This experience will prove useful as the AGLC continues its journey to modernize gaming technology. In order to prepare for upcoming Board appointments, members completed a planning activity to ensure the selection and appointment of future members continues to complement and strengthen the Board's talents and abilities.

It is important to the Board that its stakeholders are treated with fairness and respect. These values guide Board members as they conduct hearings and make decisions respecting licences and registrations. In 2010-11, the Board's hearing panel held 7 gaming-related and 44 liquor-related disciplinary hearings. Licensees, charities or registrants receiving an administrative sanction can request hearings to present their case to the Board. In 2010-11, these hearings resulted in 33 fines being levied, nine warnings being issued, two licences being suspended and one cancelled. One gaming worker registration was reinstated while one community league raffle licence was reinstated. Four cases were dismissed.

The 2010-11 year brought some challenges but many noteworthy accomplishments. The Board would like to thank AGLC staff for their continued good work and responsiveness in addressing Board requests. As a team, we will continue to ensure liquor and gaming activities benefit the people of this province.

Original Signed by

Marguerite Trussler
Chairperson



A word from our Chief Executive Officer

Our vision is to ensure gaming and liquor sustainability for Alberta. We believe sustainability means meeting the needs of Albertans, both now and in the future. To accomplish this we ensure liquor and gaming activities in the province are conducted with integrity and we promote the enjoyment of these activities in a socially responsible manner.

I'm proud to report many significant achievements this past year, all of which encourage and support the notion of sustainability. Within the realm of social responsibility, AGLC staff were instrumental in launching the pilot of the Best Bar None program in partnership with the City of Edmonton, the Edmonton Police Service, and operators of licensed premises. This program aims to reduce alcohol related harms and, as a result of this partnership, 38 licensed venues in the Edmonton area were formally accredited. We're excited about our plans to expand this program.

The AGLC also promotes sustainability within the gaming industry. In 2010-11, the AGLC continued its partnership with Alberta Health Services to implement a responsible gambling strategy titled *Both Sides of the Coin*. This initiative provides Albertans with the tools, information and support they need to make responsible decisions about gaming. The initiative also ensures that Albertans who may be experiencing difficulties know where they can go for help.

During this past year, the AGLC continued to offer training programs to educate workers in the liquor and gaming industries about responsible gambling and the importance of enjoying liquor in moderation. In 2010-11, thousands of people were trained - over 48,000 workers in total.

The AGLC understands that sustaining Alberta's gaming and liquor industries means ensuring licensed premises and licensed gaming facilities comply with legislation, regulation and policy. In 2010-11, AGLC inspectors travelled around the province conducting over 34,000 inspections of licensed liquor premises and over 3,500 inspections of licensed gaming facilities and events.

Sustainability also means using the revenue generated by liquor and gaming activities to benefit Albertans. In addition to the money provided to the General Revenue Fund and the Alberta Lottery Fund, charities earned almost \$300 million which was used by Albertans to develop and sustain healthy communities.

None of these significant accomplishments would have been possible without the efforts of AGLC staff. I would like to extend my sincere thanks to these hard working individuals who consistently embody our corporate values of foresight, accountability, integrity and respect. The AGLC values its employees and will continue to develop and implement initiatives that empower staff to provide outstanding customer service, and create a positive work environment.

I would also like to thank members of the AGLC Board who address the challenges and opportunities that come with overseeing the AGLC and its vision to ensure gaming and liquor sustainability for Alberta. I look forward to working with the Board and AGLC staff in accomplishing great things in 2011-12.

Original Signed by

Gerry McLennan
Chief Executive Officer

Year after year the AGLC remains committed to sustaining the liquor and gaming businesses in Alberta.

Maintaining stability and preserving consumer choice in a responsible way ensures Albertans continue to benefit from our businesses into the future.

Year In Review

ANNUAL REPORT 2010-11

Alberta Gaming and Liquor Commission

Highlights

\$2.1 billion in Net Operating Revenue for Alberta

Net Operating Results for 2010-11 were \$2.1 billion. Over \$1.4 billion went to the Alberta Lottery Fund from gaming operations and over \$683 million went to the General Revenue Fund from liquor and licensing operations.

(\$ millions)	2010-11	2009-10	2008-09	2007-08	2006-07
Gross Sales	\$ 24,844	\$ 24,936	\$ 27,069	\$ 28,296	\$ 26,165
Gross Profit					
Liquor	\$ 689	\$ 724	\$ 685	\$ 680	\$ 662
VLTs	492	511	592	703	735
Slot Machines	809	824	862	840	699
Electronic Bingo	8	8	7	9	8
Ticket Lottery	319	255	250	231	227
Other Revenue	14	12	21	20	18
Operating Expenses	(207)	(213)	(221)	(190)	(157)
Net Operating Results	\$ 2,124	\$ 2,121	\$ 2,196	\$ 2,293	\$ 2,192

Ensuring stability and choice

In 2010-11, Albertans could choose from over 15,929 liquor products available. Albertans purchased over 3.3 million hectolitres of liquor through licensees and private liquor stores. Gross liquor sales for 2010-11 totaled \$2.0 billion.

	2010-11	2009-10	2008-09	2007-08	2006-07
Liquor products available	15,929	15,963	15,872	14,411	13,455

(\$ thousands)	2010-11	2009-10	2008-09	2007-08	2006-07
Liquor Sales					
Spirits	\$ 643,763	\$ 634,262	\$ 638,550	\$ 619,568	\$ 586,115
Wine	426,468	403,218	390,804	381,317	342,772
Coolers and cider	66,680	70,751	70,361	69,824	65,825
Beer	896,571	946,542	921,158	895,639	862,227
Total sales	\$ 2,033,482	\$ 2,054,773	\$ 2,020,873	\$ 1,966,348	\$ 1,856,939
Liquor sales by volume (in hectolitres)					
Spirits	253,472	243,862	254,205	251,898	243,505
Wine	346,898	326,321	314,746	308,240	288,445
Coolers and cider	144,370	146,983	150,357	150,295	146,765
Beer	2,610,874	2,705,264	2,715,449	2,662,062	2,643,122
Total volume	3,355,614	3,422,430	3,434,757	3,372,495	3,321,837

Almost \$300 million to Alberta's Charities

We regulate charitable gaming in the province, which includes paper bingo, casino table games, pull-tickets and raffles. Net proceeds (revenues less expenses) from the events go directly to the charities that conduct the events.

During 2010-11, charities earned almost \$300 million, compared to almost \$322 million the previous year.

(\$ millions)	2010-11	2009-10 ⁶	2008-09 ⁶	2007-08	2006-07
Casino	\$ 231	\$ 235	\$ 252	\$ 244	\$ 198
Raffle	39 ¹	58 ¹	53 ¹	48 ¹	34 ²
Bingo ³	12	12	14	26	30
Pull-Ticket	18 ⁴	17 ⁴	15 ⁴	7 ⁵	8 ⁵
Total Proceeds	\$ 300	\$ 322	\$ 334	\$ 325	\$ 270

1. Includes prior year information for raffles with gross sales over \$10,000 and current year information for raffles with gross sales under \$10,000.
2. Includes prior year information for raffles with gross sales over \$10,000. Does not include raffles with gross sales under \$10,000.
3. Includes current year information for bingo events conducted at licensed bingo facilities and prior year data for bingo events conducted at community bingo facilities. Does not include community bingos with gross sales under \$2,500.
4. Includes current year information for pull-tickets sold at licensed bingo facilities and prior year information for pull-tickets sold in all other locations.
5. Includes prior year information for pull-tickets sold in licensed bingo facilities and all other locations.
6. Number has been restated.

Supporting Albertans through the Alberta Lottery Fund

The government's share of net revenues from provincial gaming (VLTs, slot machines, electronic bingo and ticket lotteries) is transferred to the Alberta Lottery Fund. The funds are then used to support thousands of volunteer, public and community-based initiatives across Alberta. In 2010-11, we provided over \$1.4 billion in proceeds to the Alberta Lottery Fund from provincial gaming activities.

(\$ millions)	2010-11	2009-10	2008-09	2007-08	2006-07
Proceeds to the Alberta Lottery Fund	\$ 1,441	\$ 1,405	\$ 1,512	\$ 1,615	\$ 1,534

Committed to over 25,000 AGLC clients

Each year we work with thousands of clients including charities, licensees, retailers, and stakeholders to provide gaming and liquor products and services to Albertans. In 2010-11, we provided a variety of services to over 25,000 AGLC clients.

	2010-11	2009-10	2008-09	2007-08	2006-07
Liquor Licences					
Class A (For the sale and consumption of liquor in premises open to the public. Examples are dining rooms, lounges, taverns and nightclubs.)	5,087	5,059	5,015	5,037	5,085
Class B (For premises where people pay entrance fee or buy a ticket. Examples are convention centres, racetracks, recreational facilities, sports stadiums, theatres and public conveyance such as aircraft, trains, buses and water excursion crafts.)	540	523	507	507	500
Class C (For the sale and consumption of liquor in premises that are not open to the public and are restricted to members or other specific individuals. Examples are canteens, private clubs, institutions, and travellers' lounges.)	793	793	795	782	780
Class D¹ (For the sale of liquor for off-premises consumption. Examples are retail liquor stores, general merchandise liquor stores, hotel and hotel off sales and commercial caterers.)	1,942	1,868	1,801	1,800	1,769
Class E (Required to manufacture liquor in Alberta. Examples are distilleries, wineries, breweries, and brew pubs.)	25	22	22	20	20
Private Retail Liquor Stores (included in Class D above)	1,250	1,176	1,122	1,098	1,056
General Merchandise Liquor Stores (included in Class D above)	94	92	88	89	88
Charitable Gaming licences issued					
Bingo	857	771	1,057	1,027	1,265
Casino	3,524	3,494	3,471	3,424	3,259
Pull-Ticket	241	192	283	198	295
Raffles over \$10,000	278	293	271	290	296
Raffles under \$10,000 ²	8,974	7,463	6,791	6,326	6,339
Total Charitable Gaming Licences Issued	13,874	12,213	11,873	11,265	11,454
Gaming Venues					
Association Bingo Facilities	28	31	33	40	43
Private Operator Bingo Facilities	1	1	1	2	1
Total Licensed Bingo Facilities	29	32	34	42	44
Traditional Casino Facilities	19	19	19	19	18
First Nations Casino Facilities	5	5	5	4	1
Total Charitable Casino Facilities	24	24	24	23	19
Racing Entertainment Centres (RECs)	3	3	3	3	3
Lottery Ticket Centres	2,562	2,466	2,392	2,342	2,310
VLT Retailers and Video Gaming Entertainment Rooms (VGERs)	1,000	1,032	1,030	1,051	1,060

1 Class D licences are issued for private retail liquor stores, general merchandise liquor stores, off-sales (for off-premises consumption), manufacturers off-sales (e.g. cottage wineries), delivery services, sacramental wine, and to commercial caterers.

2 Licences for raffles under \$10,000 may be issued by the AGLC online or by Alberta registry agents on behalf of the Alberta Gaming and Liquor Commission.

Achieving our goals

Each year we measure our performance based on the goals we set out in our business plan. In 2010-11, we met or exceeded eight of our performance measures as summarized below. Measuring our performance sets clear priorities and ensures the province's gaming and liquor industries are managed in a manner that reflects the views and values of Albertans.

	TARGET	2010-11
GOAL 1: Maintain the integrity of Alberta's liquor industry		
Percentage of liquor licensees who comply with legislation, regulation and policy	95%	96.7%
Percentage of Albertans satisfied that liquor is provided in a responsible manner	94%	94.6%
GOAL 2: Promote a culture of moderation to reduce alcohol related harms		
Percentage of Albertans aware of prevention and treatment programs for alcohol abuse	88%	89.6%
GOAL 3: Sustain the province's revenue from liquor mark-up and ensure stability in the liquor supply chain		
Liquor mark-up collected (in thousands of dollars)	\$ 709,700	\$ 689,056
Percentage of industry clients satisfied with the level of service provided by the AGLC	95%	96.0%
GOAL 4: Maintain the integrity of Alberta's gaming activities		
Percentage of charitable gaming activities conducted in accordance with legislation, regulation and policy	98%	99.2%
Percentage of Albertans satisfied that the gaming activity they participated in was provided fairly and in a responsible manner	95%	92.4%
Percentage of gaming integrity issues resolved within established timeframes	95%	98.3%
GOAL 5: Encourage the development of healthy, sustainable gambling environments that minimize gambling related harm		
Percentage of Albertans aware of prevention and treatment programs for problem gambling	88%	84%
GOAL 6: Sustain net revenues from gaming by adapting to the changing environment		
Gaming revenue (in thousands of dollars)	\$ 1,533,412	\$ 1,628,611
Percentage of Albertans satisfied with the availability of gaming products and activities	72%	81.3%
Percentage of retailers satisfied with AGLC services related to VLTs, slot machines, electronic bingo, Keno and ticket lotteries	98%	93.2%

2

Sustaining the gaming and liquor businesses in Alberta is achieved through strategic guidance and effective board governance. Our Board is committed to these responsibilities on behalf of all Albertans.

The AGLC Board

ANNUAL REPORT 2010-11

Alberta Gaming and Liquor Commission

The AGLC Board

Our Board consists of seven public members and the Chief Executive Officer, all appointed by the Government of Alberta. The Board reports through the Chairperson to the Minister responsible for the *Gaming and Liquor Act*.

The responsibilities of the Board are set out in Section 12 of the *Gaming and Liquor Act* and include:

- ensuring that the powers and duties of the organization are appropriately carried out;
- establishing the policies of the organization; and
- conducting hearings and making decisions respecting licences and registrations.

Board Governance

Specifically, the Board has three major areas of responsibility in its governance of the AGLC:

- monitoring responsibilities;
- policy responsibilities; and
- regulatory responsibilities, as exercised through Administrative Tribunals.

The Board's policy development is a collaborative process focusing on strategic planning and stakeholder consultation.

Monitoring Responsibilities

In its monitoring responsibilities, the Board is primarily concerned with ensuring that the Commission performs its duties. The Board ensures that appropriate monitoring processes and control systems are in place and that the AGLC's financial reports are of high integrity. The primary vehicle for performing this function is the Board's Audit Committee.

In addition, the Board oversees and monitors the administration of the organization by the Chief Executive Officer (CEO). The CEO ensures that policies of the Board are implemented and advises and informs the Board on the operating affairs of the Commission.

The Internal Audit office operates under a mandate approved by the Audit Committee. The independence of the Internal Audit office is assured as the Audit Committee has the responsibility for the hiring, compensation and performance reviews of the Director. The Audit Committee also meets independently with the Office of the Auditor General for the Province of Alberta.

Policy Responsibilities

The Board plays a significant role in establishing policy and advising the Minister responsible for the *Gaming and Liquor Act* on policy matters. The Board's policy development is a collaborative process focusing on strategic planning and stakeholder consultation. The Board may receive policy direction from the Minister responsible for the AGLC and, in turn, provide policy recommendations to the Minister.

Regulatory Responsibilities

The Board's regulatory responsibilities are prescribed by legislation. In its regulatory role, the Board functions as an administrative tribunal. Within the limits of its legislative jurisdiction, the Board conducts hearings, establishes and applies policies, and makes decisions on gaming and liquor licences and registrations.

When conducting hearings, the Board has the powers, privileges and immunities of a commissioner under the *Public Inquiries Act*. As a result, the Board may hold an inquiry into any matter related to the *Gaming and Liquor Act*.

Board Sub-Committees

Four sub-committees assist the Board with its policy, regulatory, and monitoring responsibilities.

THE AUDIT COMMITTEE is responsible for monitoring the Commission's financial controls, financial reporting and disclosure, as well as monitoring organizational risks and mitigation strategies. The committee approves the annual audit plan of the Internal Audit office and monitors the resulting reports. The committee reviews the quarterly financial reports and financial statements of the AGLC and the Alberta Lottery Fund. The committee regularly meets with the Commission's external auditor, the Office of the Auditor General for the Province of Alberta, to review annual audit plans, internal controls and results of the audits.

THE CORPORATE GOVERNANCE AND STAKEHOLDERS COMMITTEE is responsible for establishing, monitoring and reviewing the Board's corporate governance processes and establishing a process for monitoring the relations of the organization and the Board and its many stakeholder groups and partners. The committee reviews and recommends the approval of corporate governance practices, and the Code of Conduct and Ethics that guides Board members in making fair, effective, and impartial decisions.

THE FINANCE AND STRATEGY COMMITTEE is responsible for monitoring the AGLC's budget and business and strategic planning processes, and ensuring that the budget and business plan reflect the policies, objectives, and initiatives approved by the Board. The committee monitors the financial health of the Commission and its performance and reviews and recommends approval of the AGLC's annual budget, which is approved by the Board.

THE HUMAN RESOURCES COMMITTEE is responsible for overseeing Board corporate human resource matters. The committee ensures that the duties of the Chief Executive Officer and Board staff are appropriately carried out. It oversees the Board's competency matrix and monitors the Board member recruitment and evaluation process. The committee also oversees Board staff evaluations.

To ensure strong and effective monitoring and guidance, the AGLC Board regularly reviews the policies and practices of its four standing sub-committees.

Our Board Members

Hon. Marguerite Trussler, CHAIRPERSON



The Hon. Marguerite Trussler was appointed Chairperson of the Board on December 12, 2007. Formerly a Justice of the Court of Queen's Bench of Alberta, Ms. Trussler has extensive board experience, having served as Chairperson of the Court of Queen's Bench Family Law Committee, a member of the Editorial Board, Canadian Bar Review, President of the Canadian Chapter of the International Association of Women Judges, and a member of the Alberta Cancer Board. With both her professional and community activities, Ms. Trussler demonstrates a strong commitment to community and family. She currently serves as President of the Victoria School Foundation for the Arts, a member of *DeNovo* players, and as a member of the Executive of the Edmonton Chapter of the Institute of Corporate Directors.

Alexander (Sandy) Dougall



Sandy Dougall was appointed to the Board in October 2002. He has served as Chair of the Board's Audit Committee since 2003 and on the Human Resources Committee since April 2009. Sandy has also been involved in various other steering committees. Born and educated in Scotland, where he launched his banking career, Sandy held a variety of senior management positions in retail and business banking throughout Alberta. He enjoys volunteering with community and non-profit organizations and is an active member of the Canmore Rotary Club. Sandy served on the Calgary Health Region Board from 1998 to 2008.

Alexander (Al) Evans



Al Evans was appointed to the Board in October 2002. He served on the Board's Audit Committee from January 2003 to November 2007 and as Chair of the Board's Finance and Strategy Committee until October 2009. He has served as Chair of the Corporate Governance and Stakeholders Committee since November 2009 and as a member of the Board's Finance and Strategy Committee since October 2007. Al has been a member of the Board of the Western Canada Lottery Corporation (WCLC) since June 2004 and was Chair of the WCLC Board from June 2007 to June 2009. He has also been a board member of the Interprovincial Lottery Corporation since October 2004. He has a strong background in management accounting and has completed various courses in project management and corporate and public supervisory management.

Lynn Faulder



Lynn was appointed to the Board in November 2003. She is a member of the Audit Committee and has been a member of the Finance and Strategy Committee and the Human Resource Committee. Lynn was the charter chair of the AGLC Governance and Stakeholders Committee from November 2005 to October 2009 and served on the Audit Committee from December 2003 to November 2005. Lynn chairs the Edmonton Assured Income for the Severely Handicapped Appeal Panel and facilitates provincial wide training in the Principles of Natural Justice, Decision Making and Decision Writing for Alberta Income Supports Appeal Panels. She is also the chair of the Board of Governors at Norquest Community College. Lynn is a graduate of the Institute of Corporate Directors.

Jim Hansen



Jim Hansen was appointed to the Board in November 2007. He has been Chair of the Board's Human Resources Committee since April 2009 and a member of the Corporate Governance and Stakeholders Committee since 2007. Previously he was a member of the Finance and Strategy Committee. In his 20 years as President and CEO of the Alberta Hotel and Lodging Association (AHLA), Jim was a leader in Alberta's hospitality industry. Mr. Hansen is a former director of the Alberta Liquor Industry Roundtable. He held executive positions with the Hotel Association of Canada, Edmonton Regional Airports Authority, and the Leduc Nisku Economic Development Authority, and District Chamber of Commerce.

Ross Goldsworthy



Ross Goldsworthy was appointed to the Board in November 2007. He has served as the Chair of the Finance and Strategy Committee since November 2009 and as a member of the Audit Committee since November 2007. Previously he was a member of the Corporate Governance and Stakeholders and Human Resources Committees. Over the past 25 years, he has held increasingly senior positions within the transportation industry and is President of his own logistics consulting firm. He holds Certified Public Accounting and Certified General Accounting designations and is a graduate of the Institute of Corporate Directors Program and holds the ICD.D designation. Ross is also a member of the Board of the Credit Union Deposit Guarantee Corporation where he chairs the Governance and Human Resource Committee.

William (Bill) Clark



Bill Clark was appointed to the Board in July 2010. Mr. Clark has extensive management and information systems experience in both the public and private sectors. Mr. Clark has specialized in business development, productivity improvement and strategic leadership for over 25 years. He held executive level positions with the Alberta and Saskatchewan governments and has been a senior executive of national and international consulting firms. Mr. Clark is a Certified Management Consultant, Certified Computing Professional, and has served as Executive Board Member for the Institute of Management Consultants of Alberta, Executive Board Member of the National Certification Board of the Canadian Association of Management Consultants and a member of the Edmonton Opera Board.

Gerry McLennan (CEO), (NON-VOTING)

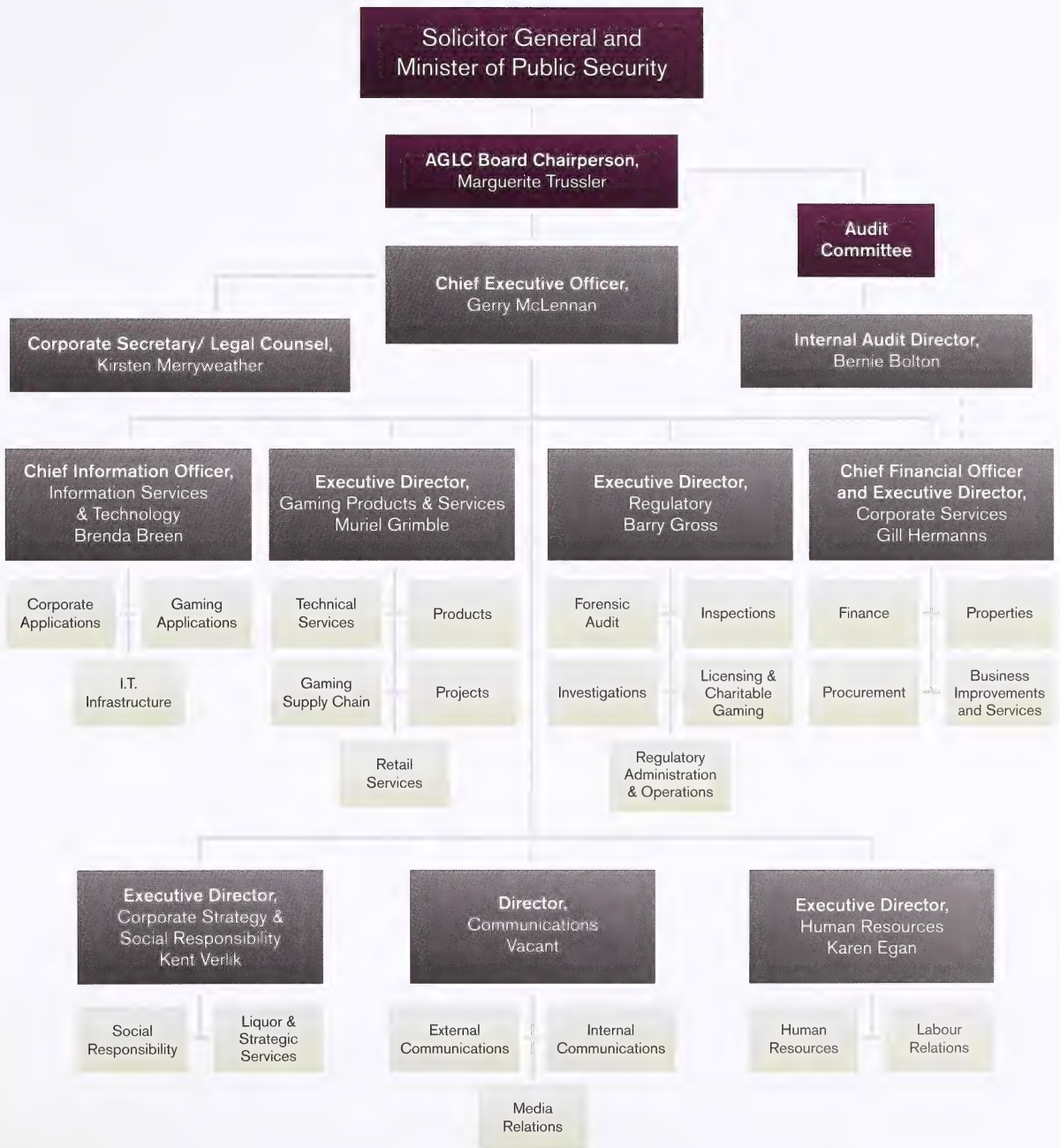


Gerry McLennan has been the AGLC's Chief Executive Officer since December 2007. He is an ex-officio, non-voting member of the Board of the AGLC. During his 25 years with the AGLC, Mr. McLennan was promoted to increasingly more senior positions and became the Executive Director of the Regulatory Division in 2003. The Regulatory Division has responsibilities for licensing and enforcement of provincial legislation for both the liquor and gaming industries. In July 2007, Gerry was named acting CEO and appointed as CEO following an open competition. In his position as CEO, Mr. McLennan is responsible for the daily operations of the AGLC. Throughout his career, Mr. McLennan has pursued a course of professional development programs at the University of Alberta, as well as the Public Executive Program at Queen's University in Kingston, Ontario.

Reaching our goals and achieving our mission is facilitated through a diverse and dedicated team of skilled employees who share a commitment to our vision of liquor and gaming in Alberta.

Our Purpose and Structure

Organization Chart¹



¹ Organization chart reflects the structure at the time of printing and not at March 31, 2011.

Purpose and Structure

We operate under the authority of the *Gaming and Liquor Act* and report to the Solicitor General and Minister of Public Security. Our structure includes:

- A Board comprised of seven public members and the Chief Executive Officer, all appointed by government. The Board reports, through the Chairperson, to the Minister.
- Seven divisions that manage the day-to-day operations of the organization and report to the Board through the Chief Executive Officer. This structure ensures that policy implementation is consistent and that operations run seamlessly and efficiently.

Our role is to administer the *Gaming and Liquor Act*, regulation and related policy. We are responsible for regulating Alberta's charitable gaming activities and conducting and managing provincial gaming activities. We also control the manufacture, importation, sale, purchase, possession, storage, transportation, use and consumption of liquor in Alberta.

We manage and control the growth of Alberta's gaming and liquor industries responsibly and with integrity. This means all industry stakeholders compete on a level playing field where the rules are fair and clearly and consistently applied. It means that sound policy and effective regulation work hand in hand with monitoring and enforcement. It means a commitment to working in partnership with charities and private businesses to deliver high quality services to the public. And it means a commitment to excellence, openness and accountability.

Through our activities, we generate revenue for the province and the people of Alberta which contributes to the growth of Alberta's economy, the prosperity of communities, and the well-being and quality of life of Albertans.

We work hard to sustain the long-term economic benefits of liquor and gaming and take our social responsibilities just as seriously. We sponsor education and awareness programs – for the public, for our staff, and for industry staff. We support research in the field of gambling and addictions and are a partner in the province's beverage container recycling program. And perhaps most importantly – we ensure that our operations, policies and programs reflect the values of Albertans.

Albertans have the right to make choices and to take responsibility for their own affairs. We provide Albertans with a wide range of gaming entertainment options as well as information to help them make informed decisions. We provide gaming and liquor products in secure and licensed venues. We work hard to protect minors, and respect the rights of communities to make decisions that reflect local interests.

In all our decisions, we maintain integrity and weigh social responsibility against Albertans' right to personal choice and the economic benefits generated by liquor and gaming.

Flows of funds

Our liquor and gaming businesses include the collection and disbursement of funds in accordance with the *Gaming and Liquor Act*, other legislation, policies and agreements.

For liquor, we collect the wholesale price of liquor products. Suppliers are paid for the product by the AGLC. Warehousing, distribution and container recycling fees along with federal duties and taxes are also paid. After deducting our liquor related operating costs, the net amount is provided to the provincial government.

For provincial gaming, we record gaming activity from slot machines, ticket lotteries, VLTs and electronic bingo. We ensure prizes are paid and remit federal taxes. Commissions are paid to retailers/operators. Charities/religious groups are paid a commission from slot machines in casinos and electronic bingo. After deducting our gaming related operating costs, the net amount is provided to the Alberta Lottery Fund.

For charitable gaming, the gaming event is conducted and managed by a charitable or religious group under a licence approved by the AGLC. Costs of products and services from the private sector are paid by the event licensee. The event licensee retains the profit from the event. Other than event licence fees and administrative fees the AGLC receives as a cost reimbursement for acting as trustee of the charitable proceeds from traditional casino events, the AGLC receives no revenue from charitable gaming.

Chief Executive Officer

The Chief Executive Officer (CEO) is responsible for overseeing the operations of the AGLC, as set out in Section 18(2) of the *Gaming and Liquor Act*.

The Administration

AGLC operations is facilitated through seven divisions with over 850 employees located in our offices in St. Albert (the head office), Calgary, Grande Prairie, Lethbridge, Red Deer, and Stettler. The divisions are:

Communications

Our commitment to communicating with employees and external stakeholders on key business activities and initiatives is ensured through our Communications division. It enhances Albertans' awareness of AGLC initiatives through communications planning, media relations and development of public relations materials. It also provides strategic communications advice, planning, issues management and internal communications support to the program areas within the AGLC. The Communications division serves as spokespersons for the AGLC on corporate issues while ensuring media and Albertans are provided clear and accurate information. When inaccurate information is found in the public domain, the Communications division works to correct it.

Corporate Services

Our Corporate Services division has four branches: Finance, Procurement, Properties and Business Improvements and Services. Finance is responsible for revenue and banking including collection of liquor and gaming proceeds and administering the AGLC's flows of funds. This branch also manages corporate accounting, budgeting and financial forecasting. Financial analysis, reporting and payroll are also managed by the Finance branch. The Procurement branch manages the organizations procurement process and all purchasing needs. Our Properties branch manages all maintenance and property needs for all our corporate offices. The Business Improvements and Services Branch ensures the functions of financial operations, systems and project management align with the strategic goals of the Corporate Services Division and the AGLC.

This branch is also responsible to manage projects and review and reengineer current business processes and procedures.

Corporate Strategy and Social Responsibility

The new Corporate Strategy and Social Responsibility division leads the development of the corporate strategy, strategic programs, and policy recommendations; delivers social responsibility programs and initiatives to encourage healthy choices; and manages and ensures stability in the liquor supply chain. It has two branches: Liquor and Strategic Services and Social Responsibility. Liquor and Strategic Services manages strategic and business planning based on environmental scanning and risk assessments and is responsible for performance measurement. This branch manages the liquor supply chain ensuring controlled, efficient, and effective supply of liquor products including compliance with customs and excise legislation, revenue collection and inventory control for all Alberta liquor and beer warehouses. Social Responsibility leads the design of programs, policies, and strategies that promote healthy choices and the responsible use of liquor and gaming products in cooperation with Alberta Health Services and stakeholders in the liquor and gaming industries. Programs and services provided by this branch include the AGLC's suite of SMART training programs, the Best Bar None program as well as conducting and managing the 17 Responsible Gambling Information Centres throughout Alberta.

We support research in the field of gambling and addictions – and most importantly – we ensure that our operations, policies and programs reflect the values of Albertans.

Gaming Products and Services

Business operations related to gaming products and the conduct and management of the province's gaming activities is managed through our Gaming Products and Services division. It consists of five branches. The Technical Services Branch provides the technical support to ensure the province's electronic gaming equipment is kept in good repair. It also operates the AGLC hotline call centre where gaming retailers obtain information or assistance and other corporate information. The Products Branch is responsible for managing the gaming product mix and providing top-quality gaming entertainment products and equipment for Alberta's gaming industry. The Projects Branch provides leadership for gaming project management including the development of project management disciplines. It also supports the strategic and business planning and policy development within the division. The Retail Services Branch supports the province's gaming retailers and provides the account services, product information and signage that retailers need for their operations. It also oversees the AGLC prize payout offices in St. Albert and Calgary. The Warehouse Operations Branch provides support to the gaming industry supply chain including all warehouse operations related issues, gaming equipment production, repair services, transportation and material/inventory management services.

Human Resources

Human Resources ensures the alignment of strategic human resource initiatives with business goals and develops and delivers all human resource programs, policies and practices for the organization. It also manages the delivery of human resource services in the areas of staffing, job evaluation, employee relations, workplace health, performance management, employee recognition, attraction, retention initiatives and collective bargaining.

Information Services and Technology

The Information Services and Technology division provides all the computer systems and information technology that support our businesses. The Corporate Applications Branch is responsible for the management, development and support of the specialized application systems that keep our day-to-day business on track and assist the business areas with collecting, processing and monitoring information. The IT Infrastructure Branch manages a secure network of computers, printers and servers in all of our corporate offices, at liquor warehouses and at gaming facilities throughout the province as well as all our telecommunications services. The Gaming Applications Branch is responsible for the management, development and support of the applications used by the AGLC to deliver our gaming business. This branch also monitors the specialized electronic gaming systems that track the real-time operations of these systems on a 24/7 basis and provides recovery services for these critical systems.

Regulatory

Ensuring our gaming and liquor businesses are operated with integrity and in accordance with legislation and policy is managed through the Regulatory division. It consists of five branches: Licensing and Charitable Gaming, Inspections, Forensic Audit, Investigations and Regulatory Administration and Operations. The Licensing and Charitable Gaming Branch is directly involved in every detail of the licensing, registration and reporting processes for Alberta's liquor and gaming operations. The Inspections Branch is responsible for conducting regular, on-site inspections to ensure that Alberta's liquor licensees, registrants and gaming licensees comply with legislation and policy. The Forensic Audit Branch provides ongoing monitoring to maintain the financial integrity of Alberta's gaming industry. The Investigations Branch works with police services and other government ministries to investigate offences related to gaming, liquor, and tobacco in the province. Regulatory Administration and Operations develops, plans and implements the liquor and gaming policies and processes and leads the overall strategic planning for the division.

The AGLC continues to deliver gaming and liquor products to Albertans in a socially responsible way in order to support a culture of moderation, reduce alcohol related harms and encourage responsible gambling choices.

2010-11 Initiatives

2010-11 Initiatives

SOCIAL RESPONSIBILITY INITIATIVES

Collaboration with government, stakeholders and patrons

The AGLC participates in several collaborative efforts to ensure the AGLC continues to incorporate social responsibility into our operations. Our participation in joint initiatives with government, stakeholders, and patrons includes:

- partnering with Alberta Health Services (AHS) and working closely with liquor and gaming industry stakeholders to develop provincial strategies that promote healthy choices and the responsible use of liquor and gaming products;
- working with national partners and monitoring liquor and gaming policy development in other jurisdictions;
- identifying gaming research priorities together with post-secondary institutions and other stakeholders;
- monitoring other gaming jurisdictions and academic research to identify effective public education and awareness, industry training, and liquor and gambling harm prevention initiatives;
- working with AHS and casino and REC operators to effectively deliver the Voluntary Self-Exclusion (VSE) program to patrons who request help to control their gambling behaviour; and
- working as a member of the national Interprovincial Lottery Corporation (ILC) Responsible Gambling Committee to develop best practice programs in collaboration with Canadian gaming jurisdictions.

Sharing a commitment to responsible gambling

To minimize gambling related harm and encourage responsible, sustainable gambling environments, we are part of a working committee that continually reviews emerging trends and issues regarding responsible and problem gambling. The Alberta Responsible and Problem Gambling Strategy, *Both Sides of the Coin*, is a joint initiative with AHS that fosters a shared understanding and commitment to priorities and actions to ensure that Albertans who choose to gamble have the resources they need to make informed gambling choices. In 2010-11, all brochures were updated, enhancements to the VSE program continued, development of an accreditation program for VLT retailers began, and we expanded our network of Responsible Gambling Information Centres. Collaborative efforts have also resulted in several initiatives including:

- multi-media information and education campaigns targeted to low to moderate risk gamblers and in general all Albertans;
- Set a Limit Alberta (SALA) website enhancements that includes making SALA a jointly sponsored website for our stakeholders;
- beginning research on web-based counseling; and
- initiating development of community-based grant program (under AHS).

Supporting a coordinated approach

The AGLC maintains a commitment to responsibility in Alberta's liquor business. In a coordinated effort with AHS, community stakeholders and government colleagues, we support and continue to partake in the development of the Alberta Alcohol Strategy (AAS). In 2010, Alberta Health and Wellness (AHW) joined as a partner along with AGLC and AHS to lead the strategy that focuses on encouraging a culture of moderation and raising the profile of alcohol use and abuse in Alberta. In 2010-11, collaborative efforts on the strategy focused on the development of a five-year plan regarding liquor related initiatives and programs at a provincial level. Work has also been done on developing an evaluation framework to measure the progress and success of the strategy.

Responsible Gambling Information Centres (RGICs)

Alberta has 17 RGICs dedicated to providing gambling patrons with access to information and tips on developing responsible gambling behaviors. RGICs are staffed by consultants who assist facility staff with the identification and monitoring of problem gamblers and provide referrals to counseling, information and assistance. Consultants provide patrons with information on how to stay within a budget and also administer the Voluntary Self-Exclusion program in their facility. The centres are located in 16 casinos and one racing entertainment centre (REC) and have player awareness terminals featuring a series of interactive screens including a self-test, information and tips for patrons.

Responsible Gambling Information Centre (RGIC)
Locations at March 31, 2011:

CITY	FACILITY
Calgary	Cash Casino Place
	Deerfoot Inn and Casino
	Elbow River Casino
	Grey Eagle Casino
	Stampede Casino
Camrose	Camrose Resort Casino
Cold Lake	Casino Dene
Edmonton	Century Casino
	Northlands Park
	Palace Casino
	River Cree Resort and Casino
	Casino Edmonton
Fort McMurray	Boomtown Casino
Grande Prairie	Great Northern Casino
Lethbridge	Casino Lethbridge
Red Deer	Cash Casino
	Jackpot Casino

Raising Awareness

The fourth annual Responsible Gambling Awareness Week (RGAW) was held between October 18 and October 24, 2010. Together with its gambling industry and government partners, the AGLC reminded patrons of casinos, racing entertainment centres, VLT venues and bingo halls that gambling is a form of entertainment and should not be viewed as a way to make money. RGICs held open houses that informed gambling patrons about the realities of gambling, including information on odds and randomness, myths and facts about gambling, and the actual cost of play. Setting a limit and staying within it can help patrons gamble responsibly and ensure that gambling remains fun.

Providing access to support

As part of our commitment to assisting patrons who need help with their gambling, the AGLC administers the Voluntary Self-Exclusion program. Developed in conjunction with Alberta Health Services and the gaming industry, the program enables patrons to exclude themselves from all Alberta casinos and racing entertainment centres (RECs) for a specified time period. The program is confidential and designed to deter participants from entering into casinos and RECs. The program also offers assistance to gamblers seeking help. In 2010-11, the Gaming and Liquor Regulation was amended to include a new policy making it illegal for an individual to enter a casino or REC once he or she has signed a self-exclusion agreement.

GamTalk

In 2010-11, the AGLC worked with other jurisdictions to support the launch of GamTalk. GamTalk is an online national support forum that provides gamblers with an additional outlet to ask questions, discuss their concerns and obtain advice online. GamTalk is the first of its kind in Canada and the AGLC was pleased to take part in this collaborative effort.

Raising Standards to improve safety

The Alberta Safer Bars Council is a multi-sectoral advisory group that collectively provides strategic advice in prioritizing, developing and implementing policies and programs to deter violence in and around licensed premises. It was established to enable Alberta's liquor industry to proactively and cooperatively move forward with a number of key policy initiatives. In 2010-11, the council identified a number of collaborative projects in the areas of research, legislation and regulation, community mobilization and social marketing to raise standards and improve safety in and around licensed premises.

Best Bar None

In 2010-11, the AGLC partnered with the City of Edmonton and the Edmonton Police Service (EPS) to launch the pilot of the Best Bar None (BBN) program on June 21, 2010. Already successful in many areas of the United Kingdom, BBN is a recognized accreditation and awards program that promotes the responsible management and operation of licensed premises. The program reduces alcohol-related harms by raising standards and rewarding excellence. By engaging industry operators, law enforcement, government and communities the program builds positive relationships among all stakeholders and strengthens our collective commitment to safety in and around licensed establishments.

The program was very well received. Of the 63 venues that applied to take part in the pilot project, 38 were accredited and received recognition during the first Best Bar None awards ceremony that took place on November 4, 2010. BBN will continue in Edmonton in 2011 and plans are being made to expand the program to Calgary in the future.

Additional information about the BBN program, including application information, accreditation criteria and a list of all accredited establishments, is available at bestbarnone.ab.ca.

Improved alignment of all SMART training programs

AGLC Smart Training Programs keep getting better. SMART training programs educate and inform people who work in the gaming and liquor industries about responsible gambling and the responsible service, sale and consumption of liquor.

Individuals requiring training are now required to do so within 30 days of the day they are hired. Once certification has been obtained it is valid for five years from the date of certification. The alignment not only streamlines administrative efficiency but also benefits industry workers required to receive certification in more than one program. All SMART training programs are offered through facilitated courses and online at www.smartprograms.aglc.ca.

In 2010-11 the AGLC trained nearly 50,000 individuals in the following SMART training programs:

SMART Training Program Completions by Program	2010-11	2009-10	2008-09	2007-08
Liquor				
<i>ProServe*</i> (Liquor Industry Workers)	37,382	43,386	13,022	11,614
<i>ProTect</i> (Liquor Industry Security Staff)	4,248	2,573	2,258	315
Gaming				
<i>Deal Us In</i> (Casino and Racing Entertainment Centres)	2,920	1,710	1,848	1,611
<i>Reel Facts</i> (Video Lottery Terminal [VLT] Retailers)	3,438	5,533	1,724	1,200
<i>A Good Call</i> (Bingo Halls)	232	137	125	512

* Formerly the *Alberta Server Intervention Program* training, ProServe training became mandatory as of January 1, 2010.

Mandatory *ProServe* training

Education is key to ensuring those involved with the sale of liquor have the skills and knowledge needed to reduce problems associated with underage drinking, over consumption, and impaired driving. *ProServe* is one of the AGLC's SMART training programs that educates industry workers about their duty of care responsibilities, Alberta legislation, and AGLC policies. The program raises awareness about the responsible consumption of alcohol. In 2010-11, 37,382 individuals received *ProServe* certification. On July 18, 2010, the number of individuals that have been certified with *ProServe* training exceeded 100,000 making 2010-11 a milestone year for the highly accredited program.

ProTect: Relevant and effective security training

As one of our SMART training programs, *ProTect* is designed to train industry security personnel whose job requires them to control access to licensed premises, check for proper proof of age, assist in crowd control, and monitor and intervene to prevent aggressive actions. *ProTect* is a key strategy in Alberta's focus on safer communities for current and future generations. *ProTect* is a comprehensive mandatory training program that provides security personnel with relevant and effective tools they can use to help prevent liquor related harms in licensed establishments. In 2010-11, 4,248 individuals completed *ProTect* training and a total of 9,222 individuals have received *ProTect* training since the program began in 2008. In 2010-11, the *ProTect* program achieved the Bronze Premier's Award of Excellence that recognizes superior client service and business excellence working together to build a stronger province.

Creating a responsible corporate culture

AGLC employees understand that our choices impact Albertans, communities and the environment. That is why we make responsible choices in our day-to-day activities that help manage our global footprint. On an ongoing basis the AGLC participates in recycling the materials we use and gaming waste products, replacing equipment with more energy efficient options, and managing our corporate energy consumption.

In 2010-11, the *ProTect* program achieved the Bronze Premier's Award of Excellence that recognizes superior client service and business excellence working together to build a stronger province.

REGULATORY INITIATIVES

Prohibiting minors

Maintaining integrity in Alberta's liquor and gaming industries is crucial to sustaining our business. That is why we continue to work with industry to prohibit minors from participating in gambling activities and consuming alcohol. Campaigns, such as the minor's awareness campaign, remind consumers and industry stakeholders of their shared responsibility to prevent minors from participating in gambling activities. The AGLC regularly inspects licensed establishments to ensure that liquor licensees comply with legislation, regulation and policy. Licensees not in compliance are fined, suspended or otherwise disciplined.

Protecting ticket lottery players

To ensure the integrity of ticket lotteries, several strategies have been implemented. A region-wide Western Canada Lottery Corporation (WCLC) database of all ticket lottery retailers was developed in 2010-11. All Alberta ticket lottery retailers are registered in this database that identifies lottery ticket retailers who may be prize claimants. New lottery ticket retailers in Alberta are required to complete a criminal record check prior to being eligible for a lottery terminal. The AGLC also requires that all tickets be signed prior to validation by the retailer and that retailers return all tickets to customers after they are validated. Retailers are monitored through a ticket retailer compliance program to ensure retailers are within policy. In addition, all consumer complaints are recorded and investigated.

Enhanced service to licensees

Last year, the AGLC streamlined the raffle licence application process. As of August 5, 2010, eligible charitable and religious organizations can apply for raffle licences under \$10,000 online using their AGLC Internet account. Previously groups could only receive these licences through Alberta Registry Agents at a cost of \$20 to \$75 dollars per raffle licence. This new option is provided at no cost and is more convenient. The online option also provides licensees access to other information such as their gaming licence numbers and currently approved use of proceeds. They can also submit their financial reporting electronically to the AGLC.

High-Alcohol beers

In December 2010, the AGLC developed a policy regarding the liquor mark-up on high-alcohol beer. This ensures that Albertans continue to have access to a wide range of liquor products. Classified by the federal government as Imitation Spirits, high-alcohol beer accounts for approximately 12 of the 1,400 registered beer products available in Alberta. The Alberta mark-up rates reflected in the new policy for high-alcohol beer are listed in the Liquor Mark-up table on page 25.

Liquor Mark-up Rates

As of March 31/11

Spirits, Refreshment Beverages and Wine		\$ per Litre
Spirits (greater than 60% alcohol content)		17.87
Spirits (greater than 22% and less than or equal to 60% alcohol content)		13.30
Spirits (less than or equal to 22% alcohol content)		9.90
Refreshment Beverages (greater than 8% and less than or equal to 16% alcohol content)		4.05
Refreshment Beverages (greater than 1% and less than or equal to 8% alcohol content)		1.35
Wine and Sake (greater than 16% alcohol content)		6.10
Wine and Sake (less than or equal to 16% alcohol content)		3.45
Wine and Mead (sold from cottage winery/meadery farm gates and/or farmer's markets)		0.70
Beer Annual Worldwide Production*		\$ per Litre
Less than or equal to 20,000 hectolitres		0.20**
Greater than 20,000 hectolitres and less than or equal to 200,000 hectolitres		0.40**
Greater than 200,000 hectolitres and less than or equal to 400,000 hectolitres	0.40 on sales in Alberta up to and including the first 200,000 hectolitres ***	
	0.98 on sales in Alberta for the next 200,000 hectolitres up to and including 400,000 hectolitres	
Greater than 400,000 hectolitres		0.98
Beer Greater than 11.9% by Volume		\$ per Litre
Beer (greater than 11.9% and less than or equal to 16% alcohol content)		4.05
Beer (greater than 16% and less than or equal to 22% alcohol content)		9.90
Beer (greater than 22% and less than or equal to 60% alcohol content)		13.30

* Annual worldwide production includes the volume of all liquor and non-liquor products manufactured where the beer is produced, as well as all contracted or leased volumes.

** All manufacturers/liquor suppliers/liquor agencies are subject to the standard mark-up rate of \$0.98 per litre. A qualified manufacturer may be eligible for the small brewer mark-up if it meets, to the satisfaction of the AGLC, the following criteria:

1 A qualified manufacturer, under the beer mark-up policy, is defined as:

- An Alberta licensee holding a Class E Manufacturer (Brewery) Licence issued in accordance with the *Gaming and Liquor Act*, Gaming and Liquor Regulation and related AGLC policies; or
- A person who owns/leases, operates and controls an establishment for making liquor outside of Alberta who meets the following requirements of a Class E Manufacturer (Brewery) in Alberta:
 - 5,000 hectolitres minimum annual production capacity;
 - all beer must be manufactured on site;
 - fermentation, maturation and storage tanks with a minimum of 10 hectolitres capacity each;

iv. there must be a weekly minimum of 50 hectolitres overall fermentation, maturation and storage capability and there must be space available to add additional tanks to achieve the overall annual capacity; and

v. the person must have the continuous right to solely occupy and control the facility whether or not the facility is owned or leased by the person.

2 A qualified manufacturer is eligible for the small brewer rates on products for distribution in Alberta only if it is either:

- the owner of the trade/brand names it manufactures; or
- the registered agency in Alberta of the products it manufactures.

3 A registered agency that has a product produced at only one qualified manufacturer, that qualified manufacturer having annual world-wide production of all products less than 20,000 hectolitres is eligible for the small brewer rate.

*** Only those beer manufacturers and suppliers whose annual worldwide production was less than 200,000 hectolitres when they entered the Alberta market are eligible for the transition mark-up rates.

Achieving the maximum net benefit for Albertans by protecting their choices, ensuring stability in our liquor supply chain and encouraging a culture of moderation to prevent and reduce liquor related harms.

Liquor

CORE BUSINESS 1

Liquor

Over \$683 million for Alberta's General Revenue

Gross profit from liquor sales in 2010-11 was \$689 million, compared to \$724.3 million the previous year. Our liquor sales totaled over \$2 billion and \$1.3 billion was paid to suppliers, the federal government in the form of taxes and duties, and for container recycling. Our liquor-related operating and regulatory costs were \$19.4 million, leaving \$669.6 million which, along with \$13.9 million collected for licences, fines and other charges, provided \$683.5 million to the provincial General Revenue Fund.

2010-11 Liquor sales of \$2.03 billion

Liquor Class (\$ thousands)	2010-11						2009-10	
	Licences in Effect	Spirits	Wine	Coolers & Cider	Beer	Total Sales	Licences in Effect	Total Sales
A (For the sale and consumption of liquor in premises open to the public. Examples are dining rooms, lounges, taverns and nightclubs.)	5,087	\$ 62,642	\$ 25,940	\$ 6,756	\$ 178,134	\$ 273,472	5,059	\$ 288,842
B (For premises where people pay entrance fee or buy a ticket. Examples are convention centres, racetracks, recreational facilities, sports stadiums, theatres and public conveyance such as aircraft, trains, buses and water excursion crafts.)	540	985	642	232	5,858	7,717	523	6,153
C (For the sale and consumption of liquor in premises that are not open to the public and are restricted to members or other specific individuals. Examples are canteens, private clubs, institutions, and travellers' lounges.)	793	568	1,759	147	4,585	7,059	793	7,218
D (For the sale of liquor for off-premises consumption. Examples are retail liquor stores, general merchandise liquor stores, hotel and hotel off sales and commercial caterers.)	1,942	576,144	396,249	59,409	706,639	1,738,441	1,868	1,745,960
E (Required to manufacture liquor in Alberta. Examples are distilleries, wineries, breweries, and brew pubs.)	25	—	—	—	1	1	22	1
Other	—	3,424	1,878	136	1,354	6,792	—	6,598
Total	8,387	\$ 643,763	\$ 426,468	\$ 66,680	\$ 896,571	\$ 2,033,482	8,265	\$ 2,054,773

8,387 Licences in effect

On March 31, 2011, there were 8,387 liquor licences in effect compared to 8,265 the previous year. There were 1,344 privately-owned liquor stores and general merchandise liquor stores compared to 1,268 the previous year.

Liquor Licences by class	2010-11	2009-10	2008-09	2007-08	2006-07
Class A (open to the public)	5,087	5,059	5,015	5,037	5,085
Class B (facilities where people pay an entrance fee or buy a ticket)	540	523	507	507	500
Class C (private clubs)	793	793	795	782	780
Class D (retail outlets that sell liquor for off-premises consumption) ¹	1,942	1,868	1,801	1,800	1,769
Class E (liquor manufacturers)	25	22	22	20	20
Total	8,387	8,265	8,140	8,146	8,154
Private Retail Liquor Stores (included in Class D above)	1,250	1,176	1,122	1,098	1,056
General Merchandise Liquor Stores (included in Class D above)	94	92	88	89	88

1 Class D licences are issued for private retail liquor stores, general merchandise liquor stores, off-sales (for off-premises consumption), manufacturers off-sales (e.g. cottage wineries), delivery services, sacramental wine, and to commercial caterers.

Keeping Alberta a province of choice

On March 31, 2011 there were 15,929 different liquor products available to privately-owned liquor stores and general merchandise liquor stores throughout Alberta.

	2010-11	2009-10	2008-09	2007-08	2006-07
Liquor Products Available	15,929	15,963	15,872	14,411	13,455

Sustaining liquor supply

In 2010-11, we sold over 3.3 million hectolitres of liquor to liquor licensees (including private liquor stores).

Liquor Sales By Volume (in hectolitres)	2010-11	2009-10	2008-09	2007-08	2006-07
Spirits	253,472	243,862	254,205	251,898	243,505
Wine	346,898	326,321	314,746	308,240	288,445
Coolers and cider	144,370	146,983	150,357	150,295	146,765
Beer	2,610,874	2,705,264	2,715,449	2,662,062	2,643,122
Total volume	3,355,614	3,422,430	3,434,757	3,372,495	3,321,837

We strive to create a responsible gaming environment that provides players with an entertaining gaming experience. This requires collaboration, research, dedication and teamwork to ensure the gaming business continues to benefit Albertans.

Gaming

CORE BUSINESS 2

Gaming

Gaming in Alberta

Gaming in Alberta consists of both Charitable and Provincial Gaming activities. Charitable gaming includes casino table games, pull-ticket sales, raffles, and bingo events through which licensed charitable and religious groups raise funds. Provincial gaming activities include slot machines, VLTs, electronic bingo, and ticket lotteries. We are accountable for the conduct and management of all gaming activities in Alberta and we work with stakeholders and partners to create policies, regulations, educational and training programs that ensure the integrity and sustainability of our gaming industry.

CHARITABLE GAMING

The charitable component of our gaming model

By conducting charitable gaming events, licensed charitable and religious groups raise funds that directly benefit their programs, causes, and activities within their community. Groups conducting a casino event receive the proceeds from the table games, and pay a service fee to the facility operator. In a similar way, charities keep all the proceeds they earn from paper bingo, raffles and pull-ticket sales after operating expenses. Charities also receive a portion of the revenues from slot machines, electronic bingo and Keno in the form of a commission.

Almost \$300 million earned by charitable gaming licensees 2010-11

During 2010-11, charities received almost \$300 million, compared to almost \$322 million the previous year.

	Licences ¹	Total Gross (\$000)	Prizes/ Winnings (\$000)	Expenses (\$000)	Electronics (\$000)	Keno (\$000)	2010-11 Proceeds To Charity (\$000)	Licences ¹	2009-10 Proceeds To Charity (\$000)
Casino	3,446	\$ 971,780	\$ 785,313	\$ 119,222	\$ 163,306	\$ 21	\$ 230,572	3,447	\$ 234,552
Raffles ²	6,633	131,668	60,139	32,102	–	–	39,427	5,908	57,670
Pull-Ticket ³	422	76,353	53,015	5,433	–	–	17,905	437	17,170
Bingo ⁴	1,400	128,104	84,188	40,216	7,594	343	11,637	1,514	12,397 ⁵
Total	11,901	\$ 1,307,905	\$ 982,655	\$ 196,973	\$ 170,900	\$ 364	\$ 299,541	11,306	\$ 321,789⁵

1 Bingo and pull-ticket licences are generally in effect for two years. Licences for casinos and raffles are generally for a single event.

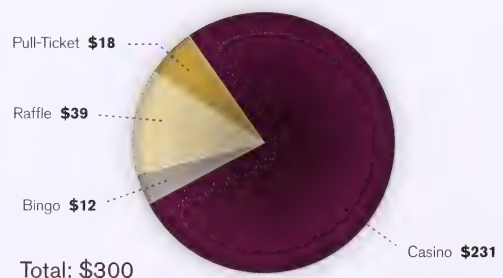
2 Includes prior year information for raffles with gross sales over \$10,000 and current year information for raffles with gross sales under \$10,000.

3 Includes current year information for pull-tickets sold at licensed bingo facilities and prior year information for pull-tickets sold at all other locations.

4 Includes current year information for bingo events conducted at licensed bingo facilities and prior year data for bingo events conducted at community bingo facilities. Does not include community bingos with gross sales under \$2,500.

5 Number has been restated.

2010-11 Proceeds by Gaming Stream (\$ millions)



Informing charitable groups

The AGLC works hard to ensure charitable groups understand how charitable gaming in Alberta is designed and how they can directly benefit from conducting gaming events. The Gaming Information for Charitable Groups (GAIN) program provides information about charitable gaming in Alberta through specific sessions regarding licensing, use of proceeds and casino information for charitable groups. Combined sessions for licensing and use of proceeds are also available and special presentations for conferences or meetings can also be requested. In 2010-11, 3,445 participants attended 210 GAIN sessions in 44 Alberta communities. Albertans continue to be very satisfied with the GAIN program. In 2010-11, 99 per cent of GAIN participants rated the program as good or excellent. For more information about the GAIN program please visit aglc.ca.

Charitable gaming licences issued

In 2010-11, 13,874 licences were issued to charitable gaming licensees compared to 12,213 in the previous year.

Charitable Gaming Licences Issued	2010-11	2009-10	2008-09	2007-08	2006-07
Bingo	857	771	1,057	1,027	1,265
Casino	3,524	3,494	3,471	3,424	3,259
Pull-Ticket	241	192	283	198	295
Raffles over \$10,000	278	293	271	290	296
Raffles under \$10,000 ¹	8,974	7,463	6,791	6,326	6,339
Total Charitable Gaming Licences Issued	13,874	12,213	11,873	11,265	11,454

¹ Licences for raffles under \$10,000 are issued from Alberta registry agents on behalf of the Alberta Gaming and Liquor Commission or directly from the AGLC via the internet at AGLC.ca.

29 Licenced bingo facilities

On March 31, 2011, there were 29 licensed bingo facilities.

	2010-11	2009-10	2008-09	2007-08	2006-07
Bingo Facilities					
Association Bingo Facilities	28	31	33	40	43
Private Operator Bingo Facilities	1	1	1	2	1
Total Licensed Bingo Facilities	29	32	34	42	44

24 Charitable casinos

On March 31, 2011, there were 24 charitable casino facilities in Alberta.

	2010-11	2009-10	2008-09	2007-08	2006-07
Charitable Casino Facilities					
Traditional Casino Facilities	19	19	19	19	18
First Nations Casino Facilities	5	5	5	4	1
Total Charitable Casino Facilities	24	24	24	23	19

PROVINCIAL GAMING

Under the *Criminal Code* (Canada), we are responsible for conducting and managing ticket lotteries (through the Western Canada Lottery Corporation) and all electronic gaming devices (slot machines, video lottery terminals or VLTs, and electronic bingo). These activities are provided through independent retailers, private operators, and bingo associations under retailer agreements with the AGLC. We supply and maintain the electronic equipment used for ticket lotteries, slot machines, VLTs, and electronic bingo.

\$1.4 billion in net proceeds for the Alberta Lottery Fund

Net proceeds from provincial gaming activities (VLTs, slot machines, electronic bingo, and ticket lotteries) are deposited in the Alberta Lottery Fund. The Alberta Lottery Fund supports programs, projects and foundations administered by the various government ministries to benefit Alberta's communities. Expenditures from the Alberta Lottery Fund are authorized annually by the Provincial Legislature. Find out more about the Alberta Lottery Fund at albertalotteryfund.ca.

In 2010-11, the Alberta Lottery Fund received over \$1.4 billion in proceeds from provincial gaming. The details of how these funds were used by the ministries are outlined in their annual reports.

(\$ millions)	2010-11	2009-10	2008-09	2007-08	2006-07
Proceeds to the Alberta Lottery Fund	\$ 1,441	\$ 1,405	\$ 1,512	\$ 1,615	\$ 1,534

\$1.4 billion to support volunteer, public and community-based initiatives

In 2010-11, gross profit from ticket lotteries, slot machines, VLTs and electronic bingo totaled \$2.14 billion, compared to \$2.09 billion the previous year. Of this amount, costs of commissions for operators and charities and federal payments amounted to \$508 million, while our own gaming-related operating costs were \$188 million. The net amount, over \$1.4 billion, was transferred to the Alberta Lottery Fund. The following table provides a breakdown for each gaming activity.

(\$ millions)					2010-11	2009-10
	Slot Machines	VLTs	Lottery Tickets	Electronic Bingo	Total	Total
Revenues	\$ 14,610.6	\$ 7,365.3	\$ 796.2	\$ 38.2	\$ 22,810.3	\$ 22,880.8
Prizes	13,458.4	6,779.8	409.1	26.6	20,673.9	20,795.5
Gross Profit	1,152.2	585.5	387.0	11.7	2,136.4	2,085.3
Commissions/ Federal Payments	343.1	92.7	68.1	3.7	507.6	487.8
Expenses					(\$ 187.9)	(\$ 192.7)
Net Operating Results – transferred to the Alberta Lottery Fund					\$ 1,440.7	\$ 1,404.8

Bingo

We continue to work with Bingo Alberta to sustain bingo revenues for charities in our province. Alberta has 20 bingo halls that offer electronic bingo. In addition to playing paper bingos, players can play bingo electronically on wireless electronic DIGI 2 machines. Additional games (personal play games) that can be played separate from the regular play-along bingo game are one of the features available on the DIGI 2 machines. The AGLC has been testing this functionality in Calgary and Medicine Hat bingo halls.

Electronic bingo revenue

Total revenues from electronic bingo increased 10.8 per cent in 2010-11 to \$38.2 million, compared to \$34.5 million the previous year. Licensed charities receive a 15 per cent commission on gross profit from electronic bingo during their bingo events. Bingo associations and private operators (bingo facility operators) also earn a 15 per cent commission. The remaining 70 per cent is returned to the licensed charities through the Alberta Lottery Fund after AGLC operating costs are deducted.

(\$ thousands)	2010-11	2009-10	2008-09	2007-08	2006-07
Revenues	\$ 38,209	\$ 34,469	\$ 35,718	\$ 42,019	\$ 36,582
Prizes	26,557	23,562	24,786	29,105	24,510
Gross Profit	11,652	10,907	10,932	12,914	12,072
Commissions/ Federal Payments	3,669	3,367	3,501	4,129	4,085
Net Revenue	\$ 7,983	\$ 7,540	\$ 7,431	\$ 8,785	\$ 7,987

Slot machine highlights

Total revenues from slot machines were \$14.6 billion in 2010-11. Traditional charities and Host First Nation licensed charities receive a 15 per cent commission on gross profit from slot machines during their casino events. Traditional casino operators, Host First Nations (casino facility operator) and Racing Entertainment Centre operators also earn a 15 per cent commission. The remaining 70 per cent is transferred to the Alberta Lottery Fund after AGLC operating costs are deducted.

(\$ thousands)	2010-11	2009-10	2008-09	2007-08	2006-07
Revenues	\$ 14,610,556	\$ 14,621,366	\$ 15,495,445	\$ 15,129,177	\$ 12,618,563
Prizes	13,458,398	13,457,800	14,263,804	13,927,249	11,620,738
Gross Profit	1,152,158	1,163,566	1,231,641	1,201,928	997,825
Commissions/ Federal Payments	343,148	339,650	369,783	361,323	298,627
Net Revenue	\$ 809,010	\$ 823,916	\$ 861,858	\$ 840,605	\$ 699,198

Number of Slot Machines	2010-11	2009-10	2008-09	2007-08	2006-07
Casinos					
Edmonton	4,381	4,247	4,145	3,976	3,808
Calgary	4,584	4,561	4,528	4,188	3,429
Other	3,478	3,230	3,171	2,860	2,160
Racing Entertainment Centres (RECs)	835	835	836	835	835
Total	13,278	12,873	12,680	11,859	10,232

Diamond Millions

Slot machines offer a variety of game themes, denominations and levels of prizes. In response to player expectations, we regularly introduce new games and some features. On March 14, 2011 we launched a new progressive slot machine game called Diamond Millions. The slot games across Alberta are connected province-wide through a network and a progressive jackpot is created from a percentage of all the money played in each machine across the province. The new game was introduced in all casinos and racing entertainment centres across the province in response to consumer demand for bigger jackpots.

Video lottery terminal highlights

Total revenues from video lottery terminals (VLTs) decreased 3.1 per cent in 2010-11 to \$7.4 billion, compared to \$7.6 billion the previous year. The AGLC pays a 15 per cent commission on gross profit to VLT retailers for the services provided. The remaining 85 per cent is transferred to the Alberta Lottery Fund after AGLC operating costs are deducted.

(\$ thousands)	2010-11	2009-10	2008-09	2007-08	2006-07
Revenues	\$ 7,365,313	\$ 7,598,298	\$ 8,884,631	\$ 10,553,986	\$ 11,074,490
Prizes	6,779,822	6,996,360	8,178,842	9,716,012	10,198,209
Gross Profit	585,491	601,938	705,789	837,974	876,281
Commissions/ Federal Payments	92,757	90,771	113,850	135,203	141,215
Net Revenue	\$ 492,734	\$ 511,167	\$ 591,939	\$ 702,771	\$ 735,066

Improving the gaming experience

We are committed to ensuring our gaming networks remain sustainable by providing Albertans with an entertaining gaming experience. To do this the AGLC upgrades all our gaming products and networks from time-to-time and, in 2010-11, began initiating the replacement strategy for our aging VLT network. The new gaming terminals will offer enhanced responsible gambling features and will offer players a quality gaming experience. In accordance with government policy, the AGLC maintains a VLT network of no more than 6,000 operational VLTs at any given time. As of March 31, 2011 there were 5,982 VLTs active and operating at 1,000 locations in Alberta. Seventy-five of these locations were Video Gaming Entertainment Rooms (VGERS). VLT retailers have between two to 10 VLTs while VGERS, which have higher facility standards, have up to 25 VLTs. Since 2001, the number of VLT locations in Alberta have been reduced by over 18 per cent.

	2010-11	2009-10	2008-09	2007-08	2006-07
Number of operating VLTs	5,982	5,983	5,964	5,986	5,981
VLT retail locations	1,000	1,032	1,030	1,051	1,060
Video Gaming Entertainment Rooms (VGERS) (included in total retail locations above)	75	71	70	67	61

Ticket Lottery Highlights

The lottery ticket retailer network continues to grow in Alberta with the addition of retail accounts in both urban and rural centres. In 2010-11, Alberta led the way for the Western Canada Lottery Corporation (WCLC) in its lottery ticket sales. Total revenues from ticket lotteries increased 27 per cent in 2010-11 compared to the previous year.

(\$ thousands)	2010-11	2009-10	2008-09	2007-08	2006-07
Revenues	\$ 796,190	\$ 626,707	\$ 632,172	\$ 604,193	\$ 578,252
Prizes	409,176	317,794	327,382	320,722	300,509
Gross Profit	387,014	308,913	304,790	283,471	277,743
Commissions/ Federal Payments	68,130	54,040	54,671	52,276	50,429
Net Revenue	\$ 318,884	\$ 254,873	\$ 250,119	\$ 231,195	\$ 227,314

Keno

In 2010-11, Keno made up \$2.9 million of the total ticket lottery gross revenue. Albertans were able to play Keno at 18 bingo halls, 18 casinos, and 52 Video Gaming Entertainment Rooms in 2010-11.

Facility	2010-11	2009-10	2008-09	2007-08	2006-07
Bingo halls offering Keno	18	18	21	25	28
Casinos offering Keno	18	13	13	12	12
Video Gaming Entertainment Rooms offering Keno	52	49	48	47	50
Total Keno Facilities	88	80	82	84	90

Scoring two new Sport Select games: POOLS and PROPS

September 2010 saw the introduction of POOLS and PROPS. In Sport Select POOLS, players compete against other sports fans to predict the outcome of games on the POOLS card. The player or players with the most correct games win or share the prize for that card. Prize amounts depend on total sales and number of winners. Sport Select PROPS plays in a similar format to PROLINE and sports fans pick player to player matchups including propositions for hockey points, baseball hitters and rushing yards. Players choose which player in a match-up will win, or if they will tie. A player wins if all their predictions are correct. Along with a total of nine different ticket lottery products, Albertans could purchase POOLS or PROPS in any one of 2,562 lottery ticket centres.

Ticket Lottery	2010-11	2009-10	2008-09	2007-08	2006-07
Total Lottery Ticket Centres	2,562	2,466	2,392	2,342	2,310
Ticket Lottery Sales by Type (\$ thousands)					
Lotto 6/49	\$ 147,724	\$ 199,677	\$ 227,613	\$ 211,105	\$ 184,633
Instant	158,663	144,993	162,450	162,425	152,897
Super 7 ¹	–	35,464	70,366	61,487	77,926
LottoMax ¹	308,707	82,923	–	–	–
Extra	74,328	63,108	65,587	62,245	61,257
Sport Select ²	51,473	47,962	47,726	44,764	43,781
Western 6/49	32,582	32,227	32,450	30,791	31,513
Pick 3	13,960	13,429	13,639	13,221	12,529
Millionaire Life	3,077	–	5,177	6,061	9,602
Pay Day	2,701	3,785	3,842	8,135	–
Keno	2,975	3,139	3,322	3,959	4,114
Total	\$ 796,190	\$ 626,707	\$ 632,172	\$ 604,193	\$ 578,252

1 Super7 was replaced with LottoMax in September 2009.

2 POOLS and PROPS were launched in September 2010.

Alberta wins

In 2010-11, 51.4 per cent of ticket lottery sales were returned to players as prizes. Alberta recorded 392 winners of major prizes (\$10,000 or more). In the WCLC jurisdiction, there was a record number of major lottery ticket winners during the year including 61 prizes of \$1 million or more totalling more than a quarter of a billion dollars. The previous record for WCLC was in 1993 when 29 tickets won prizes of at least \$1 million.

Having the necessary indicators in place to measure our performance keeps us accountable. Ensuring those indicators are both relevant and attainable is paramount to achieving continued success.

Performance Results

Staying Accountable

Why measure performance?

The AGLC uses performance measurement to evaluate its programs and services. The results tell us what things are working well, and what can be improved. The AGLC communicates these results to the public, through its annual report and business plan, as part of its desire to be open and accountable to Albertans.

How did we do this year?

We met or exceeded our performance targets for eight of the 12 measures.

The percentage of Albertans satisfied with the availability of gaming products and activities exceeded its target by five per cent.

As it has in the past, the AGLC will review the results for all measures and take appropriate action as required.

A more detailed analysis of performance measures results is available in the following pages.

PERFORMANCE RESULTS

Core Business 1 - Liquor

GOAL 1 : Maintain The Integrity Of Alberta's Liquor Industry

Performance Measures	TARGET	2010-11	2009-10	2008-09	2007-08	2006-07
1a. Percentage of liquor licensees who comply with legislation, regulation and policy	95%	96.7%	97.2%	92.6%	94.5%	95.5%
1b. Percentage of Albertans satisfied that liquor is provided in a responsible manner	94%	94.6%	94.3%	92.1%	93.8%	94.5%

1a. Percentage of liquor licensees who comply with legislation, regulation and policy.

Liquor licensees involved in the sale and service of liquor and the operation of licensed premises must fulfill certain responsibilities. These responsibilities are described in the *Gaming and Liquor Act*, Gaming and Liquor Regulation, and AGLC policies. We understand that compliance with legislation, regulation and policies is directly related to education and awareness, so we conduct training seminars for staff of licensed premises. These training seminars also provide us with the opportunity to build positive relationships with licensees.

It's important to the AGLC that liquor licensees meet their obligations. That's why we employ staff to conduct inspections of licensed premises, investigations, and audits. In 2010-11, AGLC

inspectors conducted 34,059 inspections – on average, this works out to over 93 inspections a day!

Some of these inspections result in a liquor licensee being issued a penalty. This occurs when an inspector visits a licensed premises and detects an infraction. Examples of infractions include:

- failing to request proof of age from patrons who appear to be under 25 years of age;
- selling liquor to minors or allowing minors in age-restricted facilities;
- serving liquor to intoxicated patrons;
- serving liquor after hours;
- failing to provide proper supervision and control (e.g., not having enough staff on duty and/or employing staff who are not properly trained to deal with situations that might occur in licensed premises); or
- selling illegal liquor.

NUMBER OF LICENSEE PENALTIES

	2010-11	2009-10	2008-09
Average Number of Licensees	6,751	6,585	6,489
Number of Licensees who Received Penalties	220	188	481

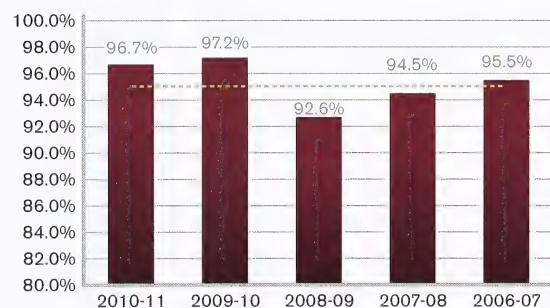
Depending on the type of infraction, disciplinary action can include the licensee being issued a warning, a monetary penalty or a liquor licensee may have a licence suspension or cancellation. If this occurs, the licensee may appeal the decision and would appear before the AGLC Board for a hearing. In 2010-11, the AGLC Board held 44 liquor-related hearings. This is similar to the number of hearings held in previous years.

However, we are pleased to report that the majority of Alberta's licensees – 96.7 per cent – were compliant with legislation, regulation and policy. This result exceeds the target of 95.0 per cent.

While the AGLC is pleased that the results for this performance measure continue to be high, we will maintain our relationships with licensees to achieve the highest possible levels of compliance.

PERCENTAGE OF LIQUOR LICENSEES WHO COMPLY WITH LEGISLATION, REGULATION AND POLICY.

2010-11 Target – 95.0%



Source: Stakeholder Database. Report generated using the AGLC Regulatory Integrity Compliance and Education (RICE) system.

NOTES:

- Licensees consist of five different classes of liquor licences, as well as registrants and Special Event licences.
- In 2010-11, 86% of all licensees were inspected. The percentage of all licensees inspected in 2009-10 was 88%, 2008-09 was 88%, 84% in 2007-08, and 74% in 2006-07.
- Cautions (verbal warnings) are not included in the results.

1b. Percentage of Albertans satisfied that liquor is provided in a responsible manner.

In Alberta, people 18 years of age and over can purchase liquor at liquor stores or at other licensed premises, such as restaurants, lounges or bars. It's important to the AGLC that liquor is sold and consumed in a responsible fashion. This is why we expend considerable effort working with our stakeholders and licensees to encourage actions that support responsibility and accountability in both individuals and businesses.

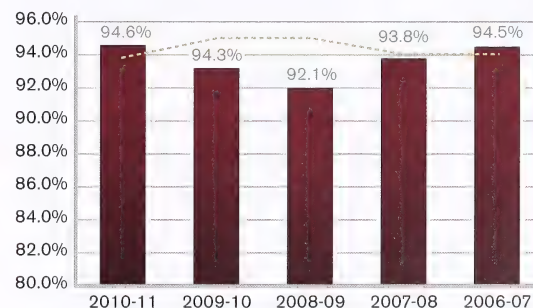
The results of this performance measure are one of the gauges that we use to determine our progress related to this goal. In 2010-11, 94.6 per cent of Albertans expressed satisfaction that liquor was provided responsibly. This is consistent with the results obtained in previous years and meets the target of 94.0 per cent.

While we remain encouraged by these relatively high results, we will continue to place significant emphasis on working with stakeholders and partners to bring about greater degrees of responsibility and accountability.

If you would like detailed information on the calculation of this performance measure, please refer to page 47.

PERCENTAGE OF ALBERTANS SATISFIED THAT LIQUOR IS PROVIDED IN A RESPONSIBLE MANNER.

2010-11 Target – 94.0%



Source: 2010-11 Survey of Albertans – Leger Marketing

The target for this performance measure has changed over time to reflect historical results. In 2009-10, 2008-09 and 2009-10 it was 95.0%, and in 2006-07 and 2007-08 it was 94.0%.

GOAL 2 : Promote A Culture Of Moderation To Reduce Alcohol Related Harms

Performance Measures	TARGET	2010-11	2009-10	2008-09	2007-08	2006-07
2a. Percentage of Albertans aware of prevention and treatment programs for alcohol abuse	88.0%	89.6%	90.0%	86.1%	87.0%	93.0%

2a. Percentage of Albertans aware of prevention and treatment programs for alcohol abuse.

In conjunction with its stakeholders, the AGLC works hard to promote the responsible sale, service and consumption of alcohol. Some of our actions involve working with partners, like Alberta Health Services, to develop and distribute educational materials. These materials inform Albertans about the assistance available to those wanting help with their alcohol consumption.

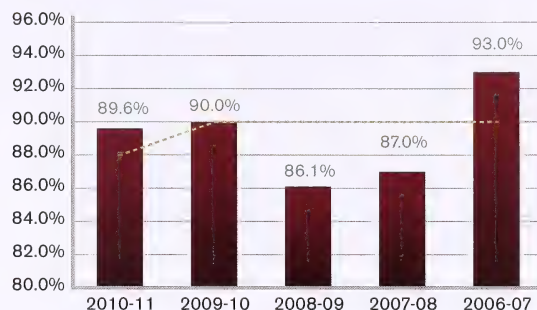
Of course, these materials can only be beneficial if they are readily available. To measure how well this information is being distributed, we conduct an annual survey to ask Albertans if they have come into contact with this type of information.

In 2010-11, 89.6 per cent of Albertans indicated they heard, seen or read material related to the prevention and treatment programs for alcohol abuse. This represents a significant increase over the result obtained in the previous year and meets the target of 88.0 per cent.

If you would like detailed information on the calculation of this performance measure, please refer to page 47.

PERCENTAGE OF ALBERTANS AWARE OF PREVENTION AND TREATMENT PROGRAMS FOR ALCOHOL ABUSE.

2010-11 Target – 88.0%



Source: 2010-11 Survey of Albertans – Leger Marketing

GOAL 3 : Sustain The Province's Revenue From Liquor Mark-Up And Ensure Stability In The Liquor Supply Chain

Performance Measures	TARGET	2010-11	2009-10	2008-09	2007-08	2006-07
3a. Amount of liquor mark-up collected (thousands of dollars)	\$ 709,700	\$ 689,056	\$ 724,333	\$ 684,559	\$ 680,252	\$ 661,621
3b. Percentage of industry clients satisfied with the level of service provided by the AGLC	95.0%	96.0%	94.0%	94.0%	91.0%	83.0%

3a. Amount of liquor mark-up collected (thousands of dollars).

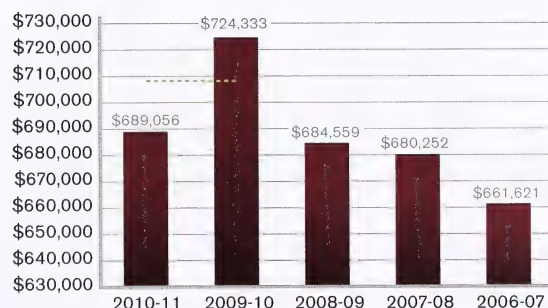
In Alberta, suppliers or their agents register liquor products with the AGLC and set a price that reflects the cost of the product. The cost of the product includes things like: the cost of manufacturing the product, the cost of insurance, costs associated with marketing and promotion, costs associated with transportation to the warehouse, warehousing charges, and a profit margin.

A wholesale price for the liquor product is then calculated by adding federal customs and excise duties and GST, a recycling fee, a container deposit and a provincial mark-up. The amount of provincial mark-up depends on the type of product and alcohol percentage. Mark-up is assigned according to a rate schedule (for more information on the rate schedule, see page 25).

As the number of adults living in the province continues to increase, the amount of liquor mark-up collected also increases. In 2010-11, the target for this performance measure was \$709.7 million dollars.

AMOUNT OF LIQUOR MARK-UP COLLECTED (Thousands of Dollars)

2010-11 Target \$709,700



Source: Audited AGLC Financial Statements – see page 52

* This is a new performance measure therefore target for years prior to 2009-10 are not listed.

3b. Percentage of industry clients satisfied with the level of service provided by the AGLC.

Providing high quality customer service is important to the AGLC. That's why we conduct a yearly survey of liquor industry clients to obtain their feedback with the services we provide throughout the year.

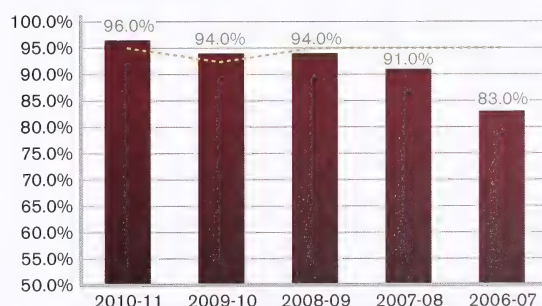
This year's results showed that 96.0 per cent of clients were satisfied with overall services provided. This result exceeds the target of 95.0 per cent and is consistent with results achieved in previous years.

Although pleased that we continue to score high for this performance measure, we always take the results seriously and use the information obtained from the surveys to improve services to our clients.

If you would like detailed information on the calculation of this performance measure, please refer to page 48.

PERCENTAGE OF INDUSTRY CLIENTS SATISFIED WITH THE LEVEL OF SERVICE PROVIDED BY THE AGLC.

2010-11 Target – 95.0%



Source: 2010-11 Survey of Liquor Industry Clients – Leger Marketing. Target was 95.0% between 2006-07 and 2009-10.

Core Business 2 - Gaming

GOAL 4 : Maintain The Integrity Of Alberta's Gaming Activities

Performance Measures	TARGET	2010-11	2009-10	2008-09	2007-08	2006-07
4a. Percentage of charitable gaming activities conducted in accordance with legislation, regulation and policy	98.0%	99.2%	99.5%	99.4%	99.4%	99.4%
4b. Percentage of Albertans satisfied that the gaming activity they participated in was provided fairly in a responsible manner	95.0%	92.4%	94.2%	92.3%	93.8%	92.6%
4c. Percentage of gaming integrity issues resolved within established timeframes	95.0%	98.3%	98.3%	99.2%	92.7%	93.1%

4a. Percentage of charitable gaming activities conducted in accordance with legislation, regulation and policy.

In Alberta, charitable gaming activities (casino table games, pull-ticket sales, raffles and bingo events) enable licensed charitable and religious groups to raise funds. The AGLC is accountable for licensing these gaming activities which are governed by the *Criminal Code of Canada*, Alberta's *Gaming and Liquor Act*, and *Gaming and Liquor Regulation*. Charitable and religious groups must also follow policies related to eligibility and how they use their gaming proceeds.

AGLC staff regularly inspect licensed gaming facilities/ events to ensure these gaming activities meet legislation, regulation and policy. The number and the type of inspection varies by gaming activity.

The vast majority of charitable gaming activities are in compliance. However, there are occasional occurrences of non-compliance. Examples of non-compliance include:

- using gaming proceeds for inappropriate purposes; or
- conducting raffles or pull-ticket sales in contravention of licence terms.

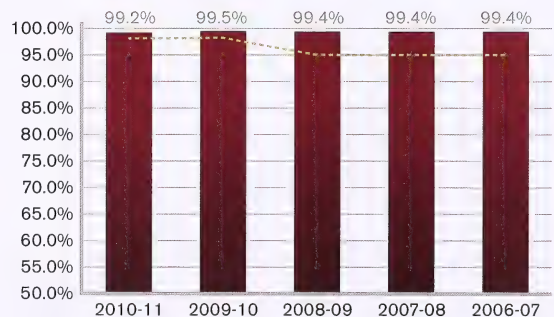
The results show that in 99.2 per cent of cases inspectors found charitable gaming activities to be in compliance with legislation and policy. This exceeds the 2009-10 target of 98.0 per cent and is

consistent with the results achieved in the previous years. This high degree of compliance is significant when one considers the number of charitable gaming inspections conducted last year – 3,534. Of those inspections, only 28 resulted in penalties being issued (this represents approximately 0.8 per cent of the total number of inspections).

When an incident report is generated, this normally occurs in the same year it was issued. However, we occasionally encounter a situation where an incident report is issued in the prior year and the penalty is handed out in the current year. For example, an incident report is generated in 2009-10 with a penalty handed out in 2010-11. Should this occur, the result would be included as part of the 2010-11 calculation.

PERCENTAGE OF CHARITABLE GAMING ACTIVITIES CONDUCTED IN ACCORDANCE WITH LEGISLATION, REGULATION AND POLICY.

2010-11 Target – 98.0%



Source: Gaming Licensing System and Gaming Registration System

4b. Percentage of Albertans satisfied that the gaming activity they participated in was provided fairly in a responsible manner.

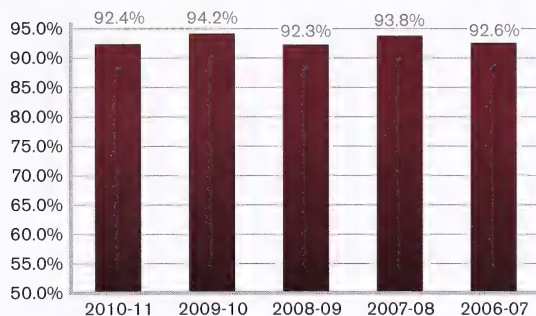
The AGLC oversees the conduct of legal gaming in Alberta. The public expects these gaming activities to be carried out fairly and responsibly. It is critical that Albertans' gaming experiences are consistent with these expectations.

Each year, the AGLC conducts a survey asking Albertans about their gaming experiences. Of those that played bingos, raffles, pull-tickets, video lottery terminals, slot machines, table games or lottery tickets, 92.4 per cent expressed satisfaction that the gaming activity they participated in was provided fairly and responsibly. While this result falls slightly below the target of 95.0%, the result is consistent with those achieved in previous years and remains high. The AGLC will continue to work with players and other stakeholders to meet Albertans' high expectations.

If you would like detailed information on the calculation of this performance measure, please refer to page 47.

PERCENTAGE OF ALBERTANS SATISFIED THAT THE GAMING ACTIVITY THEY PARTICIPATED IN WAS PROVIDED FAIRLY IN A RESPONSIBLE MANNER.

2010-11 Target – 95.0%



Source: 2010-11 Survey of Albertans – Leger Marketing

* There is a 95 per cent certainty that the results are accurate to ± 3.1 per cent.

4c. Percentage of gaming integrity issues resolved within established timeframes.

It is important to us that we remain responsive to client needs. If a player contacts us about a perceived gaming integrity issue, we aim to resolve the issue as urgently as possible. In the past, gaming issues brought to our attention have involved:

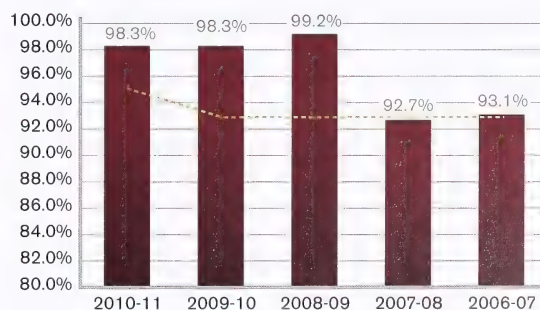
- disputes about the operation of an electronic gaming device;
- credit disputes involving players or retailers; and
- perceived illegal or unethical behaviour by gaming retailers or players.

The majority of these issues are resolved quickly by AGLC inspectors. Issues that require extra attention are forwarded to the AGLC's Electronic Gaming Response Committee (EGRC). The EGRC's goal is to resolve issues within 30 days using a fair and impartial review process.

In 2010-11, the EGRC reviewed 180 issues, compared to 114 last year. Almost all (98.3 per cent) were resolved within 30 days. This result exceeds the 2010-11 target of 95.0 per cent by 3.3 per cent.

PERCENTAGE OF GAMING INTEGRITY ISSUES RESOLVED WITHIN ESTABLISHED TIMEFRAMES.

2010-11 Target – 95.0%



Source: AGLC Gaming Products and Services Database

GOAL 5 : Encourage The Development Of Healthy, Sustainable Gambling Environments That Minimize Gambling Related Harm

Performance Measures

5a. Percentage of Albertans aware of prevention and treatment programs for problem gambling

TARGET	2010-11	2009-10	2008-09	2007-08	2006-07
88.0%	84.0%	84.0%	81.0%	83.0%	89.0%

The AGLC works with partners, like Alberta Health Services, to provide Albertans with information about services available for people wanting help with their gambling. This information is communicated to them in a variety of ways including television, radio and print advertising. Other resources, such as brochures and self-help cards, are distributed in the gaming venues. In order to ensure Albertans are getting this information, the AGLC conducts a yearly survey asking people if they have seen or heard anything on gambling addictions treatment, education and prevention services.

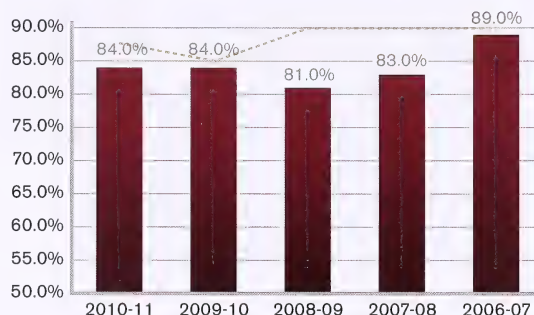
Survey results showed that in 2010-11, 84.0 per cent of respondents were aware of prevention and treatment programs for problem gambling. While the results do not quite meet the target of 88.0 per cent, they remain consistent over the past four years.

The AGLC will continue to monitor the results for this performance measure and alter the distribution of materials as necessary.

If you would like detailed information on the calculation of this performance measure, please refer to page 48.

PERCENTAGE OF ALBERTANS AWARE OF PREVENTION AND TREATMENT PROGRAMS FOR PROBLEM GAMBLING.

2010-11 Target – 88.0%



Source: 2011-11 Survey of Albertans – Leger Marketing

* Target was 85.0% in 2009-10 and 90.0% between 2006-07 and 2008-09.

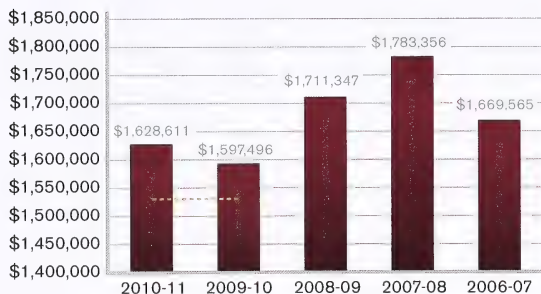
** There is a 95 per cent certainty that the results are accurate to ± 3.1 per cent.

GOAL 6 : Sustain Net Revenues From Gaming By Adapting To The Changing Environment

Performance Measures	TARGET	2010-11	2009-10	2008-09	2007-08	2006-07
6a. Gaming revenue (thousands of dollars)	\$ 1,533,412	\$ 1,628,611	\$ 1,597,496	\$ 1,711,347	\$ 1,783,356	\$ 1,669,565
6b. Percentage of Albertans satisfied with the availability of gaming products and activities	72.0%	81.3%	80.0%	72.2%	74.0%	73.0%
6c. Percentage of retailers satisfied with AGLC services related to VLTs, slot machines electronic bingo, Keno and ticket lotteries	98.0%	93.2%	94.0%	98.0%	99.0%	98.0%

6a. Gaming revenue (thousands of dollars).

In Alberta, the province's share of net proceeds from video lottery terminals, slot machines, electronic bingo and ticket lotteries is placed in the Alberta Lottery Fund. These revenues support thousands of volunteer, public and community-based initiatives in ways that enhance the quality of life for all Albertans.

GAMING REVENUE (THOUSANDS OF DOLLARS)**2010-11 Target – \$1,533,412**

Source: Audited AGLC Financial Statements – see page 52. In 2010-11, Gross Profit (\$2,136,315) minus Commissions and Federal Payments (\$507,704) totaled \$1.6 billion.

* This is a new performance measure therefore targets for years prior to 2009-10 are not listed.

6b. Percentage of Albertans satisfied with the availability of gaming products and activities.

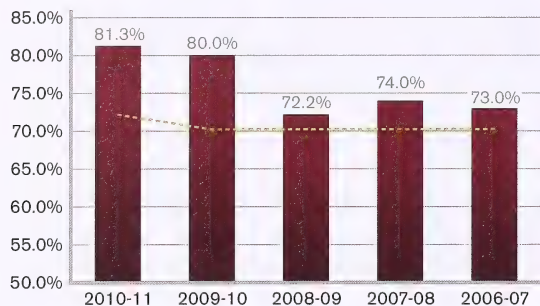
The AGLC recognizes that gaming benefits Albertans in many different ways. However, the AGLC also recognizes that a small percentage of Albertans might experience some problems with their gambling. As such, the AGLC continuously strives to achieve a balance between social responsibility and economic benefit.

One of the ways in which the AGLC ensures that balance is to monitor Albertans' satisfaction with the availability of gaming products and activities. According to an annual survey, 81.3 per cent of respondents were satisfied with the availability of gaming products and activities. This exceeds the target of 72.0 per cent and is significantly higher than the results obtained over the past five years.

If you would like detailed information on the calculation of this performance measure, please refer to page 48.

PERCENTAGE OF ALBERTANS SATISFIED WITH THE AVAILABILITY OF GAMING PRODUCTS AND ACTIVITIES

2010-11 Target – 72.0%



Source: 2010-11 Survey of Albertans – Leger Marketing

6c. Percentage of retailers satisfied with AGLC services related to VLTs, slot machines electronic bingo, Keno and ticket lotteries.

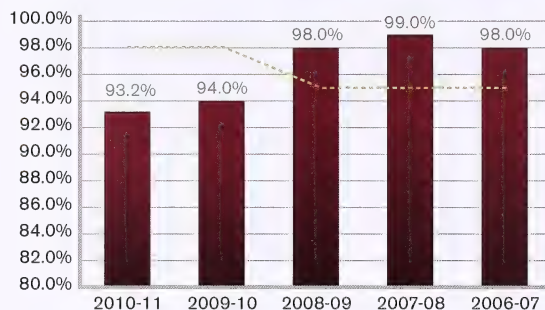
AGLC staff respond to thousands of calls from retailers. Last year alone, staff fielded 105,468 calls to the Retailers' Hotline and over 215,585 field technician service calls were made to casinos, racing entertainment centres, video lottery terminal premises and lottery ticket centres across the province. The technicians' work included activities such as installing, removing, maintaining and upgrading gaming equipment.

With each phone call we answer or with each service call we make, staff strive to provide customer service according to the values of our organization – with Foresight, Accountability, Integrity and Respect.

In the spirit of continuous improvement, the AGLC surveys its clients annually to determine what things are working well and what could be improved. In 2010-11, 93.2 per cent of retailers expressed satisfaction with the AGLC's services. The results falls below the target of 98.0 per cent, however satisfaction remains high. The AGLC will continue to monitor the results for this performance measure and take additional action, if required.

PERCENTAGE OF RETAILERS SATISFIED WITH AGLC SERVICES RELATED TO VLTs, SLOT MACHINES ELECTRONIC BINGO, KENO AND TICKET LOTTERIES

2010-11 Target – 98.0%



Source: 2010-11 Survey of Albertans – Leger Marketing.
The target was 98.0% in 2009-10 and 95.0% between 2006-07 and 2008-09.

PERFORMANCE MEASURES METHODOLOGY FOR MEASURES BASED ON SATISFACTION SURVEYS

Each year, the AGLC contracts with a professional survey company to conduct public opinion and client satisfaction surveys on its behalf. This section provides detail on each survey and their corresponding performance measures.

Survey of Albertans

Each year, public satisfaction is measured through a survey of a representative sample of adult Albertans. This year, the survey was conducted by Leger Marketing, a professional survey firm, on behalf of the AGLC. A random and representative sample of Albertans was established based on Statistics Canada census data made available in 2010. For each of six geographic regions in the province, the number of interviews in each age-gender segment was proportionate to the 2010 population estimates. The sample size was 1,000 adult Albertans, providing a margin of error in the results no greater than ± 3.1 per cent at the 95 per cent confidence level.

The Survey of Albertans supports the following performance measures:

1.b – Percentage of Albertans satisfied that liquor is provided in a responsible manner

The results for this performance measure were calculated by using a weighted average for the following:

- respondents' level of satisfaction with the sale of liquor in a responsible manner
- respondents' level of satisfaction with the service of alcohol in a responsible manner

Respondents were considered satisfied if they responded 'very satisfied', 'satisfied' or 'somewhat satisfied' to the above questions.

2.a – Percentage of Albertans aware of prevention and treatment programs for alcohol abuse

The results for this performance measure were calculated by obtaining responses to the following question: "Have you ever heard, seen or read anything about prevention and treatment programs for alcohol abuse?"

Respondents were considered aware if they responded 'yes'. Alternate responses were 'no' or 'don't know'.

4.b – Percentage of Albertans satisfied that the gaming activity they participated in was provided fairly and in a responsible manner

The results for this performance measure were calculated by determining who had participated in the following gaming activities:

- Bingos
- Raffles
- Pull-tickets, break-opens or Nevada tickets
- Video lottery terminals in bars or lounges
- Slot machine games in casinos
- Slot machine games at racetracks
- Table games, for example blackjack and roulette at casinos
- Lottery tickets, for example, 6/49, scratch and win instant tickets, or Sport Select

If they had purchased or participated in one of those gaming activities, respondents were asked: "How satisfied are you that the [gaming activity (a to h) above] was provided fairly and in a responsible manner?"

Respondents were considered satisfied if they responded 'very satisfied', 'satisfied' or 'somewhat satisfied' to the above question. Responses were weighted by participation.

5.a – Percentage of Albertans aware of prevention and treatment programs for problem gambling

The results for this performance measure were calculated by obtaining responses to the following question: "Have you ever heard, seen or read anything about prevention and treatment programs for problem gambling?"

Respondents were considered aware if they responded 'yes'. Alternate responses were 'no' or 'don't know'.

6.b – Percentage of Albertans satisfied with the availability of gaming products and activities

The results for this performance measure were calculated by obtaining responses to the following question: "Thinking about legal gaming entertainment options in Alberta, overall, how satisfied are you with the availability of gaming entertainment products and activities provided to Albertans?"

Respondents were considered satisfied if they responded 'very satisfied', 'satisfied' or 'somewhat satisfied' to the above question.

Survey of Liquor Industry Clients

Each year, satisfaction of liquor industry clients is measured through a survey of liquor licensees and registered liquor agents. A random selection of 364 liquor licensees and 182 registered liquor agencies were drawn from a list of all active licensees and registrants.

The sample size was sufficient to ensure an overall margin of error at a 95 per cent confidence level at ± 4.0 per cent.

The Survey of Liquor Industry Clients supports the following performance measure:

3.b – Percentage of industry clients satisfied with the level of service provided by the AGLC

The results for this performance measure were calculated by obtaining responses to the following question: "Overall, how satisfied are you with the liquor related services provided by the AGLC over the past 12 months?"

Respondents were considered satisfied if they responded 'very satisfied', 'satisfied' or 'somewhat satisfied' to the above question.

Survey of Retailers

Each year, satisfaction of retailers is measured through a survey of video lottery terminal operators, lottery ticket retailers, casino/slot machine operators, DIGI operators and Keno operators. A random selection of 291 video lottery terminal operators and 354 lottery ticket retailers was drawn from the most recent listing available. A census survey approach was utilized with casino/slot machine operators, DIGI operators and Keno operators due to their relatively small sample sizes.

The overall sample size was sufficient to ensure an overall margin of error at a 95 per cent confidence level at ± 3.2 per cent.

The Survey of Retailers supports the following performance measure:

6.c – Percentage of retailers satisfied with AGLC services related to VLTs, slot machines, electronic bingo, Keno and ticket lotteries

The results for this performance measure were calculated by obtaining responses to the following question: "Overall, how satisfied are you with the hotline and field repair services provided by the AGLC/WCLC over the past 12 months?"

Respondents were considered satisfied if they responded 'very satisfied', 'satisfied' or 'somewhat satisfied' to the above question.

ALBERTA GAMING AND
LIQUOR COMMISSION

Financial Statements

ANNUAL REPORT 2010-11

Alberta Gaming and Liquor Commission

Independent Auditor's Report



To the Members of the Alberta Gaming and Liquor Commission

Report on the Financial Statements

I have audited the accompanying financial statements of the Alberta Gaming and Liquor Commission, which comprise the balance sheet as at March 31, 2011, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Alberta Gaming and Liquor Commission as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Merwan N. Saher, CA

Edmonton, Alberta
May 31, 2011

Merwan Saher, CA
Auditor General

BALANCE SHEET

At March 31

(thousands of dollars)	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 348,975	\$ 317,453
Accounts receivable	40,920	33,904
Prepaid expenses and inventories (Note 4)	18,175	31,474
	408,070	382,831
Property, Plant and Equipment (Note 5)	184,062	193,994
Computer Software (Note 6)	7,401	7,496
	<u>\$ 599,533</u>	<u>\$ 584,321</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 169,730	\$ 162,484
Due to the Alberta Lottery Fund (Note 8)	80,549	74,862
	250,279	237,346
Due to General Revenues (Note 9)	347,065	344,544
Provision for Loss on Leased Properties (Note 14)	2,189	2,431
	<u>\$ 599,533</u>	<u>\$ 584,321</u>

The accompanying notes are part of these financial statements.

Approved by:

BOARD

MANAGEMENT

Original signed by

Marguerite J. Trussler
Chairperson of the Board

Original signed by

Gerry McLennan
Chief Executive Officer

STATEMENT OF OPERATIONS

For the year ended March 31

(thousands of dollars)	Budget 2011	Actual 2011			Actual 2010
(Note 10)		Provincial Lotteries	Liquor and Other	Total	
REVENUE					
Gaming terminals	\$	\$ 14,610,556	\$ –	\$ 14,610,556	\$ 14,621,366
Video lottery terminals		7,365,313	–	7,365,313	7,598,298
Liquor		–	2,033,482	2,033,482	2,054,773
Ticket lottery		796,190	–	796,190	626,707
Electronic bingo		38,209	–	38,209	34,469
		22,810,268	2,033,482	24,843,750	24,935,613
PRIZES AND COST OF PRODUCT					
Gaming terminals		13,458,398	–	13,458,398	13,457,800
Video lottery terminals		6,779,822	–	6,779,822	6,996,360
Liquor		–	1,344,426	1,344,426	1,330,440
Ticket lottery		409,176	–	409,176	317,794
Electronic bingo		26,557	–	26,557	23,562
		20,673,953	1,344,426	22,018,379	22,125,956
Gross Profit	2,733,983	2,136,315	689,056	2,825,371	2,809,657
Commissions and Federal Payments (Note 11)	(490,871)	(507,704)	–	(507,704)	(487,828)
Other Income (Note 12)	14,394	–	13,888	13,888	11,829
Operating Expenses (Note 13)	(268,260)	(187,934)	(19,423)	(207,357)	(213,061)
Net Operating Results	\$ 1,989,246	\$ 1,440,677	\$ 683,521	\$ 2,124,198	\$ 2,120,597

The accompanying notes are part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended March 31

(thousands of dollars)	2011	2010
CASH FROM OPERATIONS		
Net operating results for the year	\$ 2,124,198	\$ 2,120,597
Decrease in provision for loss on leased properties	(242)	(261)
Amortization	51,164	59,876
Loss on disposal of property, plant and equipment	2,100	2,938
Net change in non-cash working capital balances	13,529	(32,245)
	2,190,749	2,150,905
Remittances to the Alberta Lottery Fund	(1,434,990)	(1,410,329)
Remittances to General Revenues	(681,000)	(660,000)
	74,759	80,576
CASH USED FOR INVESTMENT		
Purchase of property, plant and equipment	(44,674)	(39,546)
Purchase of computer software	(1,164)	(64)
Proceeds on disposal of property, plant and equipment	2,601	898
	(43,237)	(38,712)
INCREASE IN CASH AND CASH EQUIVALENTS	31,522	41,864
CASH AND CASH EQUIVALENTS, beginning of year	317,453	275,589
CASH AND CASH EQUIVALENTS, end of year	\$ 348,975	\$ 317,453

The accompanying notes are part of these financial statements.

Notes to the Financial Statements

March 31, 2011

NOTE 1 AUTHORITY AND PURPOSE

The Alberta Gaming and Liquor Commission (the Commission) operates under the authority of the *Gaming and Liquor Act*, Chapter G-1, Revised Statutes of Alberta 2000.

The Commission conducts and manages provincial lotteries, carries out functions respecting gaming under the *Criminal Code* (Canada), and controls, in accordance with legislation, the manufacture, importation, sale and purchase of liquor for the Government of Alberta. It also administers the Alberta Lottery Fund.

Amendments to the *Gaming and Liquor Act*, proclaimed June 24, 2002, allow the Commission to deduct operating expenses from the remittances to the Alberta Lottery Fund and General Revenues. The net proceeds, after the deduction of related operating expenses, arising from the conduct of authorized gaming terminal, video lottery, ticket lottery and electronic bingo in Alberta are remittable to the Alberta Lottery Fund. The net proceeds, after the deduction of related operating expenses, of liquor operations and other income are remittable to General Revenues.

Under the Excise Tax Act and Games of Chance (GST/HST) Regulations, the Commission is required to pay GST and Federal Tax on gaming operations. However, the Commission as a Crown agent of the Government of Alberta, has a tax-exempt status for its liquor and regulatory operations.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles applied on a consistent basis. The preparation of financial statements for a period necessarily involves the use of estimates. Actual results could differ from those estimates. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Joint Venture

Alberta's share of the operations of the Western Canada Lottery Corporation (WCLC) is accounted for as a joint venture using the proportionate consolidation method. WCLC is a non-profit organization authorized to manage, conduct and operate ticket lottery activities for its members, the governments of Alberta, Saskatchewan and Manitoba. The Yukon Territory, the Northwest Territories and Nunavut participate as associate members. Under the proportionate consolidation method, each participant records their share of WCLC revenues, expenses, assets and liabilities.

Inventories

Gaming parts and supplies inventories are valued at weighted average cost which is not in excess of net recoverable value.

Liquor inventory held on behalf of liquor suppliers or agents, and related duties and taxes, are not recorded in the financial statements.

Notes to the Financial Statements

March 31, 2011

NOTE 2 Valuation of Financial Assets and Liabilities (Cont'd)

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying values, because of the short term nature of these instruments.

Property, Plant, Equipment and Software

Property, plant and equipment are stated at cost less accumulated amortization. Amortization is calculated on the straight-line method which will reduce the original cost to estimated residual value over the expected useful lives of the assets, as follows:

Buildings and leasehold improvements	40 years or lease term
Gaming systems and equipment	10 years or 3 years
Video lottery and gaming terminals	9 years or 7 years
Furniture and equipment	10 years or 5 years
Retailer fixtures and signage	5 years
Vehicles	5 years or 3 years
Computer software	3 years

Property, plant, equipment and software are not amortized until the assets are put into use.

Pensions

The Commission participates in multi-employer pension plans with related government entities. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service related to prior years.

Defined contribution plan accounting is used because insufficient information is available to apply defined benefit plan accounting.

Revenue and Expense Recognition

Revenue from gaming terminals, video lottery terminals and electronic bingo is recognized at the time that play has been completed and all machine credits have been played or converted to cash. Prizes, commissions and federal payments related to gaming terminals, video lottery terminals and electronic bingo are recognized on the same basis as the related revenues.

On-line ticket lottery revenues are recognized at the date of the draw with instant ticket revenues being recognized at the date activated for sale by the retailer. Prizes, commissions and federal payments relating to ticket revenues are recognized on the same basis as the related revenues.

Revenue from the sale of liquor is recognized when goods are shipped and title has passed to the customer. Revenue received in advance of shipment is deferred and recognized when goods are shipped and title has passed to the customer. Cost of product sold related to liquor is recognized on the same basis as the related revenues.

Notes to the Financial Statements

March 31, 2011

NOTE 2 Allocation of Operating Expenses (Cont'd)

Operating expenses are allocated against Provincial Lotteries Revenue or Liquor and Other Revenue, based on the nature of the expense.

Future Accounting Changes

The Canadian Accounting Standards Board (AcSB) has confirmed its plan to adopt all International Financial Reporting Standards, as published by the International Accounting Standards Boards, on or by January 1, 2011. The Commission will adopt all of the International Financial Reporting Standards in accordance with the AcSB's plan. The impact of the adoption of these standards is being assessed at this time.

NOTE 3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2011, securities held by the Fund have a time-weighted return of 1.05% per annum (March 31, 2010: 0.95% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

NOTE 4 PREPAID EXPENSES AND INVENTORIES

(thousands of dollars)	2011	2010
Prepaid expenses	\$ 9,253	\$ 21,523
Gaming parts	7,947	8,897
Supplies	975	1,054
	<u>\$ 18,175</u>	<u>\$ 31,474</u>

Notes to the Financial Statements

March 31, 2011

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

(thousands of dollars)	2011			2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 4,113	\$ –	\$ 4,113	\$ 4,113
Buildings and leasehold improvements	64,485	45,162	19,323	15,462
Gaming systems and equipment	65,688	47,019	18,669	23,874
Gaming terminals	272,611	137,159	135,452	141,503
Video lottery terminals	84,170	80,306	3,864	6,520
Furniture and equipment	29,966	28,623	1,343	907
Retailer fixtures and signage	9,590	8,729	861	970
Vehicles	3,294	2,857	437	645
	\$ 533,917	\$ 349,855	\$ 184,062	\$ 193,994

NOTE 6 SOFTWARE

(thousands of dollars)	2011			2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer software	\$ 31,828	\$ 24,427	\$ 7,401	\$ 7,496
	\$ 31,828	\$ 24,427	\$ 7,401	\$ 7,496

NOTE 7 DEFINED BENEFIT PLANS

(thousands of dollars)

The Commission participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Commission also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$5,890 for the year ended March 31, 2011 (2010 – \$4,845). The Commission's portion of the Western Canada Lottery Corporation pension expense is \$1,279 for the year ended March 31, 2011 (2010 – \$181).

At December 31, 2010, the Management Employees Pension Plan reported a deficiency of \$397,087 (2009 – deficiency of \$483,199) and the Public Service Pension Plan reported a deficiency of \$2,067,151 (2009 – deficiency of \$1,729,196). At December 31, 2010, the Supplementary Retirement Plan for Public Service Managers had a deficiency of \$39,559 (2009 – deficiency of \$39,516). The Commission's portion of the Western Canada Lottery Corporation deficit as at March 31, 2011 is \$3,261 (2010 – deficit of \$3,959).

Notes to the Financial Statements

March 31, 2011

NOTE 8 DUE TO THE ALBERTA LOTTERY FUND

This amount represents the portion of the revenues from provincial lottery operations which has not been remitted to the Alberta Lottery Fund.

(thousands of dollars)	2011	2010
Due to the Alberta Lottery Fund, beginning of year	\$ 74,862	\$ 80,399
Net operating results, Provincial Lotteries	1,440,677	1,404,792
Remittances to the Alberta Lottery Fund	(1,434,990)	(1,410,329)
Due to the Alberta Lottery Fund, end of year	\$ 80,549	\$ 74,862

Amounts due to the Alberta Lottery Fund are unsecured, non-interest bearing and have no specific terms of repayment.

NOTE 9 DUE TO GENERAL REVENUES

Due to General Revenues reflects the outstanding balance due to General Revenues from liquor operations and other income, as follows:

(thousands of dollars)	2011	2010
Due to General Revenues, beginning of year	\$ 344,544	\$ 288,739
Net operating results, Liquor and Other	683,521	715,805
Remittances to the General Revenues	(681,000)	(660,000)
Due to General Revenues, end of year	\$ 347,065	\$ 344,544

Amounts due to General Revenues are unsecured, non-interest bearing and have no specific terms of repayment.

NOTE 10 BUDGET

The Commission includes its annual budget, on a summarized basis, in its business plan. The summarized budget receives approval by the Minister responsible for the Commission on recommendation from the Commission Board and becomes part of the fiscal plan of the Government.

Notes to the Financial Statements

March 31, 2011

NOTE 11 COMMISSIONS AND FEDERAL PAYMENTS

(thousands of dollars)	2011	2010
Commissions		
Gaming terminals		
Operators	\$ 169,717	\$ 171,498
Charities	162,984	164,384
Video lottery terminals	87,758	90,230
Ticket lottery	56,328	43,187
Electronic bingo	3,496	3,272
	480,283	472,571
Federal Tax Expenses (a)		
Gaming terminals	10,447	3,768
Video lottery terminals	4,999	541
Ticket lottery	4,232	3,610
Electronic bingo	173	95
	19,851	8,014
Payment to Federal Government (b)	7,570	7,243
	\$ 507,704	\$ 487,828

- (a) As prescribed by the Games of Chance (GST/HST) Regulations, taxes are paid to the Government of Canada in lieu of the Goods and Services Tax (GST) on gaming terminal, video lottery, ticket lottery and electronic bingo sales based on a prescribed formula. This tax is in addition to the GST paid on the purchase of goods and services for which credit is denied under the formula. The effect of reduced GST rates, applied under the Games of Chance (GST/HST) Regulations, are reflected in the fiscal 2010 results.
- (b) This payment represents the Province of Alberta's share of payments to the Government of Canada as a result of an agreement between the provincial governments and the federal government on the withdrawal of the federal government from the lottery field. The payment is made by the Western Canada Lottery Corporation on behalf of Alberta, and is based on current population statistics and its share of ticket lottery sales.

Notes to the Financial Statements

March 31, 2011

NOTE 12 OTHER INCOME

(thousands of dollars)	2011	2010
Licences	\$ 6,131	\$ 6,764
Interest revenue	3,266	2,542
Premises rental revenue	2,382	1,225
Miscellaneous	1,612	1,812
Liquor levies	1,608	1,614
Retailer service fees	660	630
Fines and violations	329	180
Loss on disposal of property, plant and equipment	(2,100)	(2,938)
	<u>\$ 13,888</u>	<u>\$ 11,829</u>

NOTE 13 OPERATING EXPENSES

(thousands of dollars)	2011	2010
Salaries and benefits	\$ 69,317	\$ 66,302
Amortization	51,164	59,876
Leased gaming terminals	25,054	24,041
Equipment and vehicles	11,985	9,749
Data communications	11,226	11,400
Media and media production	10,472	10,265
Ticket printing	7,761	8,262
Fees and services	4,448	6,212
Data processing	3,088	3,687
Property	2,747	2,827
Travel and training	2,393	2,880
Stationery and supplies	1,894	1,931
Freight and product delivery	1,732	1,627
Miscellaneous	1,548	1,472
Insurance and bank charges	1,445	1,267
Retailer relations	831	932
Presentations and publications	148	226
Product expense	108	110
Overhead and other	(4)	(5)
	<u>\$ 207,357</u>	<u>\$ 213,061</u>

Notes to the Financial Statements

March 31, 2011

NOTE 14 COMMITMENTS

Commitments are obligations of the Commission to others that will become liabilities in the future when the terms of those contracts or agreements are met, including its proportionate share of the Western Canada Lottery Corporation commitments.

(thousands of dollars)		2011	2010
Obligations under operating leases and contracts		\$ 6,631	\$ 13,169
(thousands of dollars)			
Fiscal	2011-12		\$ 2,753
	2012-13		1,644
	2013-14		559
	2014-15		448
	2015-16		357
Balance to			870
expiry			
			\$ 6,631

The Commission has lease obligation for former retail liquor stores, most of which have been subleased to third parties. Estimated future revenues to be derived from subleases amount to \$2.24 million at March 31, 2011. Provision for loss on leased properties of \$2.19 million (2010 – \$2.43 million) has been made where the payments to be received on the sub-leases are less than the lease payments to be made.

Notes to the Financial Statements

March 31, 2011

NOTE 15 CONTINGENCIES

At March 31, 2011, the Commission is a defendant in 15 legal claims (2010 – 11 legal claims) having specified amounts totaling \$170 million (2010 - \$145 million). Included in the total claims are 12 claims in which the Commission has been jointly named with other entities.

The Commission entered into a lease amending agreement with a tenant on March 23, 2007. Under the terms of the agreement, the Commission has agreed to pay for certain capital investments up to \$6.4 million and would also assume certain third party premise leases for the remainder of the lease term, if a significant change in the terms of the tenant's appointment occurs before February 28, 2012. As of March 31, 2011, the Commission's potential liability is \$1.08 million (2010 - \$2.16 million).

The resulting loss, if any, from these claims cannot be determined.

NOTE 16 FUNDS UNDER ADMINISTRATION

The Commission manages the collection, investment and distribution of the charities' share of proceeds/losses from table games at licensed charitable casino events.

The share of proceeds/losses from these table games allocated to charities is established in policy and by agreement between the participating charity and the relevant casino operator. These allocations are collected by the Commission and pooled by casino or region over a three month period. The pooled funds earn interest and the Commission deducts administrative fees from the pools. The net proceeds in each pool at the end of the pooling period are distributed equally to each charity holding a licensed charitable casino event in the casino/region during the pooling period.

(thousands of dollars)	2011		2010	
Charitable Proceeds	\$	12,789	\$	13,074
Held Charitable Proceeds		75		40
	\$	12,864	\$	13,114

Notes to the Financial Statements

March 31, 2011

NOTE 17 SALARIES AND BENEFITS

(thousands of dollars)		2011			2010	
	Base Salary (a)	Other Cash Benefits (b)	Other Non-cash Benefits (c)	Total	Total	
Board						
Chairperson (d)	\$ 93	\$ –	\$ –	\$ 93	\$ 93	
Board Members	272	–	–	272	245	
Executive Team						
Senior Official						
Chief Executive Officer (e)	254	5	61	320	313	
Management						
Executive Director, Gaming Products and Services	185	4	45	234	233	
Chief Information Officer	184	–	44	228	229	
Executive Director, Regulatory	178	3	44	225	236	
Chief Financial Officer (f)	174	–	45	219	230	
Executive Director, Corporate Strategy and Social Responsibility	155	–	39	194	189	
Executive Director, Human Resources	151	3	36	190	190	
Director, Communications	118	–	29	147	147	
Executive Director, Liquor Supply and Distribution (g)	–	–	–	–	40	

- Base salary includes regular base pay.
- Other cash benefits include vacation payouts. No bonuses were paid in 2011.
- Other non-cash benefits include the Commission's share of all employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability, professional memberships, and tuition fees.
- Beginning December 2007, a part time Chairperson, who is remunerated based on the Committee Remuneration Order, heads the Board of the AGLC.
- Automobile provided; taxable benefit amount of \$8 (2010 - \$10) is not included in other non-cash benefits.
- The position was occupied by 2 individuals during the year.
- The incumbent retired in April 2009.

Notes to the Financial Statements

March 31, 2011

NOTE 18 JOINT VENTURE – TICKET LOTTERY OPERATIONS

Alberta's share of the Western Canada Lottery Corporation joint venture is accounted for using the proportionate consolidation method. The Commission has included in its accounts the following aggregate amounts:

(thousands of dollars)	2011	2010
Balance Sheet		
Current assets	\$ 46,491	\$ 34,362
Property, plant and equipment	16,709	19,810
	<u>\$ 63,200</u>	<u>\$ 54,172</u>
Current liabilities	\$ 34,418	\$ 28,785
Equity in joint venture	28,782	25,387
	<u>\$ 63,200</u>	<u>\$ 54,172</u>
(thousands of dollars)	2011	2010
Statement of Operations		
Gross profit	\$ 318,958	\$ 255,011
Operating expenses	(34,978)	(35,277)
Net operating results	<u>\$ 283,980</u>	<u>\$ 219,734</u>
Statement of Cash Flows		
Cash from operations	\$ 303,539	\$ 216,895
Cash used for investment	<u>\$ 542</u>	<u>\$ 2,019</u>

NOTE 19 RELATED PARTY TRANSACTIONS

The Commission has the following transactions with Government of Alberta departments for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. The amounts are not included in the financial statements.

(thousands of dollars)	2011	2010
Revenues		
Forensic Audit	\$ 46	\$ 110
Accommodation	–	49
Information Technology	–	14
Financial Services	–	6
	<u>\$ 46</u>	<u>\$ 179</u>
(thousands of dollars)	2011	2010
Expenses – Incurred by Others		
Legal Services	\$ 258	\$ 300
	<u>\$ 258</u>	<u>\$ 300</u>

The Commission also had the following transactions with Government of Alberta departments recorded on the Statement of Operations at the amount of consideration agreed upon between the related parties:

(thousands of dollars)	2011	2010
Finance and Enterprise – Risk Management and Insurance	\$ 338	\$ 344
Service Alberta	77	37
Infrastructure and Transportation	7	7
	<u>\$ 422</u>	<u>\$ 388</u>

NOTE 20 COMPARATIVE FIGURES

Certain 2010 figures have been reclassified to conform to the 2011 presentation.

ALBERTA LOTTERY FUND

Financial Statements

ANNUAL REPORT 2010-11

Alberta Gaming and Liquor Commission

Independant Auditor's Report



To the Members of the Alberta Gaming and Liquor Commission

Report on the Financial Statements

I have audited the accompanying financial statements of the Alberta Lottery Fund, which comprise the balance sheet as at March 31, 2011, and the statement of revenue, expenditure and fund equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Alberta Lottery Fund as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Merwan N. Saher, CA

Edmonton, Alberta
May 31, 2011

Merwan Saher, CA
Auditor General

Alberta Lottery Fund

BALANCE SHEET

At March 31

(thousands of dollars)	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 152,194	\$ 93,378
Due from Alberta Gaming and Liquor Commission (Note 5)	80,549	74,862
	232,743	\$ 168,240
LIABILITIES AND FUND EQUITY		
Accounts payable (Note 6)	\$ 179,968	\$ 115,465
Fund equity	52,775	52,775
	\$ 232,743	\$ 168,240

The accompanying notes are part of these financial statements.

Approved by:

BOARD

MANAGEMENT

Original signed by

 Marguerite J. Trussler
 Chairperson of the Board
 Alberta Gaming and Liquor Commission

Original signed by

 Gerry McLennan
 Chief Executive Officer
 Alberta Gaming and Liquor Commission

Alberta Lottery Fund

STATEMENT OF REVENUE, EXPENDITURE AND FUND EQUITY



For the year ended March 31

(thousands of dollars)	Budget 2011 (Note 21)	Actual 2011	Actual 2010
REVENUE			
Proceeds from lottery operations (Note 7)	\$ 1,292,116	\$ 1,440,677	\$ 1,404,792
Interest	2,000	3,611	2,801
	1,294,116	1,444,288	1,407,593
EXPENDITURE			
Transfers to Departments			
Aboriginal Relations (Note 8)	118,200	103,977	105,768
Advanced Education and Technology (Note 9)	105,000	105,000	105,000
Agriculture and Rural Development (Note 10)	20,720	20,720	20,720
Children and Youth Services (Note 11)	63,500	63,500	63,500
Culture and Community Spirit (Note 12)	180,025	179,570	190,458
Education (Note 13)	113,600	113,600	129,100
Employment and Immigration (Note 14)	11,987	11,987	11,987
Environment (Note 15)	500	500	500
Health and Wellness (Note 16)	420,497	420,497	392,034
Municipal Affairs (Note 17)	26,000	26,000	26,000
Solicitor General and Public Security (Note 18)	26,600	191,450	26,114
Tourism, Parks and Recreation (Note 19)	23,279	23,279	34,620
Transportation (Note 20)	184,208	184,208	301,792
	1,294,116	1,444,288	1,407,593
Excess of revenue over expenditure for the year	–	–	–
Fund equity, beginning of year	52,775	52,775	52,775
Fund equity, end of year	\$ 52,775	\$ 52,775	\$ 52,775

The accompanying notes are part of these financial statements.



Alberta Lottery Fund

Notes to the Financial Statements

March 31, 2011

NOTE 1 AUTHORITY AND PURPOSE

The Lottery Fund is administered by the Alberta Gaming and Liquor Commission under the *Gaming and Liquor Act*, Chapter G-1, Revised Statutes of Alberta 2000. The Lottery Fund receives the proceeds from lottery operations (see Note 6) and makes payments therefrom in the public interest in order to support thousands of volunteer, public and community-based initiatives.

The *Appropriation Act*, 2010 authorized payments from the Lottery Fund as presented in the 2010-2011 Estimates, and provided for flexibility in the amount allocated from the Lottery Fund to the General Revenue Fund so that the net balance of the Lottery Fund would be zero at the year ended March 31, 2011.

The transfer of funds to certain programs is based on gaming proceeds generated at related gaming facilities, in accordance with government policy direction. For these programs, the amount transferred may differ from the budgeted amount.

The accountability and utilization of Lottery Fund amounts transferred to entities within the Government of Alberta may be determined and confirmed by referencing the respective entity's financial statements.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

Cash Flows

A statement of cash flows is not provided as disclosure in these financial statements is considered to be adequate.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable and accounts payable are estimated to approximate their carrying values because of the short term nature of these instruments.

Alberta Lottery Fund

Notes to the Financial Statements

March 31, 2011



NOTE 3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. For the year ended March 31, 2011, securities held by the Fund had a time-weighted return of 1.05% per annum (March 31, 2010: 0.95% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

NOTE 4 RELATED PARTY TRANSACTIONS

Related parties are those consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements.

All the transactions, except for interest revenue, of the Lottery Fund are considered related party transactions.

NOTE 5 DUE FROM THE ALBERTA GAMING AND LIQUOR COMMISSION

This amount represents the portion of the revenues from lottery operations which has not been remitted by the Alberta Gaming and Liquor Commission (AGLC) to the Alberta Lottery Fund at year end.

(thousands of dollars)	2011	2010
Due from AGLC, beginning of year	\$ 74,862	\$ 80,399
Remittable from AGLC	1,440,677	1,404,792
Remittances from AGLC	(1,434,990)	(1,410,329)
Due from AGLC, end of year	\$ 80,549	\$ 74,862

NOTE 6 ACCOUNTS PAYABLE

Accounts payable consists of outstanding payments to the Departments of Solicitor General and Public Security, Culture and Community Spirit and Aboriginal Relations.

Alberta Lottery Fund

Notes to the Financial Statements

March 31, 2011

**NOTE 7 PROCEEDS FROM LOTTERY OPERATIONS**

Proceeds from provincial lotteries received by the Alberta Gaming and Liquor Commission are recorded as revenue of the Fund after the deduction of related operating expenses.

(thousands of dollars)	2011	2010
Income from gaming terminals	\$ 809,010	\$ 823,917
Income from video lottery terminals	492,734	511,167
Income from ticket lottery	318,884	254,872
Income from electronic bingo	7,983	7,540
Less operating expenses	(187,934)	(192,704)
Proceeds from lottery operations	<u>\$ 1,440,677</u>	<u>\$ 1,404,792</u>

NOTE 8 ABORIGINAL RELATIONS

Transfers to support aboriginal initiatives:

(thousands of dollars)	2011	2010
First Nations Development Fund	\$ 103,777	\$ 105,568
First Nations Relations	200	200
	<u>\$ 103,977</u>	<u>\$ 105,768</u>

NOTE 9 ADVANCED EDUCATION AND TECHNOLOGY

Transfers to support post-secondary education, scientific initiatives and communication initiatives:

(thousands of dollars)	2011	2010
Capital Maintenance and Renewal	\$ 65,000	\$ 65,000
Capital Expansion and Upgrading	40,000	40,000
	<u>\$ 105,000</u>	<u>\$ 105,000</u>

Alberta Lottery Fund

Notes to the Financial Statements

March 31, 2011



NOTE 10 AGRICULTURE AND RURAL DEVELOPMENT

Transfers to enhance improvement in agriculture, horticulture, and the quality of life in the agricultural community:

(thousands of dollars)	2011	2010
Agricultural Service Boards	\$ 10,600	\$ 10,600
Agricultural Societies	8,670	8,670
Agricultural Initiatives	1,450	1,450
	<u>\$ 20,720</u>	<u>\$ 20,720</u>

NOTE 11 CHILDREN AND YOUTH SERVICES

Transfers to support families and communities in Alberta:

(thousands of dollars)	2011	2010
Family and Community Support Services	\$ 45,000	\$ 45,000
Fetal Alcohol Spectrum Disorder Initiatives	12,000	12,000
Prevention of Family Violence and Bullying	6,500	6,500
	<u>\$ 63,500</u>	<u>\$ 63,500</u>

NOTE 12 CULTURE AND COMMUNITY SPIRIT

Transfers to support culture, multiculturalism, municipal and community initiatives, and the volunteer sector:

(thousands of dollars)	2011	2010
Community Facility Enhancement Program	\$ 38,000	\$ 38,000
Alberta Foundation for the Arts	29,200	34,834
Community Initiatives Program	25,500	28,000
Major Fairs and Exhibitions	22,000	23,360
Community Spirit Donation Program	16,000	20,000
Film and Television Production	16,500	19,690
Alberta Historical Resources Foundation	8,000	9,507
Other Initiatives	6,500	8,500
Bingo Associations	6,145	5,792
Human Rights, Citizenship and Multiculturalism Education Fund	1,725	2,025
Arts	—	750
Support for the Mount Royal Conservatory of Music	10,000	—
	<u>\$ 179,570</u>	<u>\$ 190,458</u>

Alberta Lottery Fund

Notes to the Financial Statements

March 31, 2011



NOTE 13 EDUCATION

Transfers to support primary education:

(thousands of dollars)	2011	2010
Public and Separate Schools Support – Operational Funding	\$ –	\$ 60,800
School Facilities Infrastructure	113,600	60,300
Basic Education Program Initiative – High Speed Network	–	8,000
	<u>\$ 113,600</u>	<u>\$ 129,100</u>

NOTE 14 EMPLOYMENT AND IMMIGRATION

Transfers to assist in job creation and to support the disabled, summer students, and immigrants in their search for employment:

(thousands of dollars)	2011	2010
Summer Temporary and Other Employment Programs	\$ 7,413	\$ 7,413
Settlement and Integration Services and Enhanced Language Training	4,574	4,574
	<u>\$ 11,987</u>	<u>\$ 11,987</u>

NOTE 15 ENVIRONMENT

Transfers to support environmental awareness:

(thousands of dollars)	2011	2010
Conservation and Education	\$ 500	\$ 500

NOTE 16 HEALTH AND WELLNESS

Transfers made in support of health and wellness initiatives, including addiction programs:

(thousands of dollars)	2011	2010
Alberta Health Services	\$ 285,497	\$ 257,034
Human Tissue and Blood Services	125,000	125,000
Community-Based Health Services	10,000	10,000
	<u>\$ 420,497</u>	<u>\$ 392,034</u>

Alberta Lottery Fund

Notes to the Financial Statements

March 31, 2011



NOTE 17 MUNICIPAL AFFAIRS

Transfers to enhance support for municipal initiatives:

(thousands of dollars)	2011	2010
Municipal Sustainability Operating Grants	\$ 26,000	\$ 26,000

NOTE 18 SOLICITOR GENERAL AND PUBLIC SECURITY

Transfers made to support gaming research and Horse Racing and Breeding Renewal Program. Alberta Lottery Fund revenues in excess of transfers approved by the *Appropriation Act 2010* are transferred to the General Revenue Fund.

(thousands of dollars)	2011	2010
Gaming Research	\$ 1,600	\$ 1,600
Horse Racing and Breeding Renewal Program	23,203	24,514
Balance to General Revenue Fund	166,647	–
	\$ 191,450	\$ 26,114

NOTE 19 TOURISM, PARKS AND RECREATION

Transfers to support sports, recreation, and municipal initiatives:

(thousands of dollars)	2011	2010
Alberta Sport, Recreation, Parks and Wildlife Foundation	\$ 23,279	\$ 25,120
Recreation and Sports Facilities Grants	–	9,000
Hosting Major Athletic Events	–	500
	\$ 23,279	\$ 34,620



Alberta Lottery Fund

Notes to the Financial Statements

March 31, 2011

NOTE 20 TRANSPORTATION

Transfers to enhance transportation and water infrastructure:

(thousands of dollars)	2011	2010
Municipal Water Wastewater Program / Water for Life	\$ 100,000	\$ 100,000
Rural Transportation Partnerships	24,208	50,000
Provincial Highway Preservation	30,000	50,000
Provincial Highway Rehabilitation	–	46,792
Alberta Cities Transportation Partnerships	30,000	30,000
Streets Improvement Program	–	25,000
	\$ 184,208	\$ 301,792

NOTE 21 BUDGET

The 2011 budgeted expenditures were authorized in total by the *Appropriation Act*, 2010 on March 25, 2010.

NOTE 22 COMPARATIVE FIGURES

Certain 2010 figures have been reclassified to conform to the 2011 presentation resulting from transfers of Alberta Lottery Fund funded programs between Ministries.

Contact Information

Inquiries may be directed to:

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